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BUSINESS WEEK

NOV 27 1939

WEEK
AGOYEAR
AGO

Thanksgiving starts the critical three- or four- week Christmas shopping season.

THIS JOB "KILLED" MOTORS!

Lo-Maintenance Motors Set Impressive Performance Record on Job that Wrecked Ordinary Motors! Find Out How You Can Get Extra Savings . . . More Profits . . . when You Modernize with Allis-Chalmers . . . the Equipment that Pays For Itself!

Another true case history from the Allis-Chalmers files that proves "IT PAYS TO BUY THE EQUIPMENT THAT PAYS FOR ITSELF!"



A. W. HAMILTON, CHIEF ELECTRICIAN of Alberene Stone Corporation, inspects the Lo-Maintenance Motor on one of his channeling machines. Insert shows a closeup of the Lo-Maintenance Motor that stayed on the job under conditions that "killed" other motors.

"The Motor-Killing Job"—that's what they called it at the Alberene Stone Corp., Virginia! And they weren't far wrong! For the motors on their machines that channeled serpentine stone took a terrific pounding. When the cutter bar didn't go all the way down smoothly, the whole carriage on the machine was lifted . . . then dropped backed with a thud!

Ordinary motors couldn't take it! Coils loosened and failed . . . bearings went to pieces under the continual punishment!

In 1936, A. W. Hamilton, Chief Electrician, and J. S. Graves, President, decided to try one Lo-Maintenance Motor . . . as an experiment. Then they waited for what they were afraid would happen. But it never did! That Lo-Maintenance

Motor took the job in its stride . . . didn't break down . . . didn't need time out for repairs!

Better Service . . . Bigger Savings!

No wonder that now every channeling machine at the Alberene Stone Corporation is equipped with a Lo-Maintenance Motor! No wonder Mr. Hamilton says, "Because our channeling machines are often operating in very inaccessible locations, the Allis-Chalmers Motors, by eliminating the necessity for frequently changing motors, have given us many extra productive machine and man hours!"

It's not unusual for Allis-Chalmers equipment to beat adverse operating conditions. For in plants all over the country . . . in factories in every in-

dustry, equipment engineered by Allis-Chalmers saves thousands of dollars every year . . . protects profit margins . . . gives that extra production that means the difference between profits and loss.

Put Allis-Chalmers to Work For You!

In your own plant there's work that 90 years of engineering experience can do for you. Find out about it! Let a trained production engineer from the nearest Allis-Chalmers District Office give you the details . . . how Allis-Chalmers can cut your costs . . . beat waste . . . make your workers' jobs easier! Or write direct to Allis-Chalmers, Milwaukee, for full information on the equipment that pays for itself!

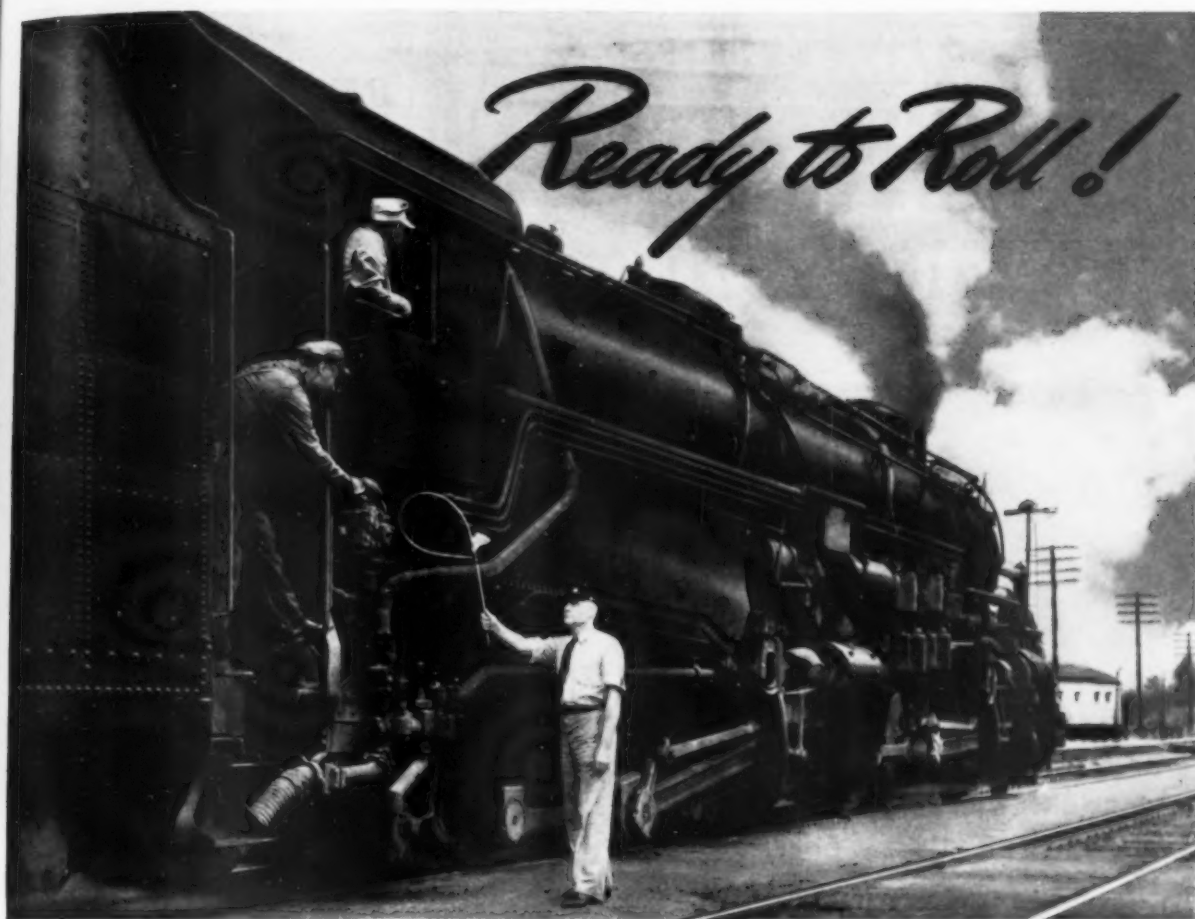
PRODUCTS ENGINEERED TO PAY FOR THEMSELVES

Electrical Equipment • Power Transmission Equipment • Steam and Hydraulic Turbines • Blowers and Compressors • Engines and Condensers • Centrifugal Pumps • Flour and Cereal Mill Equipment • Boiler Feedwater Treatment • Saw Mill and Timber Preserving Machinery • Crushing, Cement, and Mining Machinery • Power Farming Machinery • Industrial Tractors and Road Machinery



ALLIS-CHALMERS

MILWAUKEE • WISCONSIN



SINCE the railroads are called upon to handle the major share of transportation, it is common sense to ask—

Are the railroads set to do the job?

The railroads asked themselves that question early last summer—and set a far-reaching program in motion then.

That program included, first, the repair and reconditioning of cars and locomotives which had not been needed during low traffic years.

It included more than that—it included the purchase of new cars and locomotives to meet future traffic needs.

But that is only the immediate story of what's been going on, in the face of tough times.

Our railroads are vastly better than they were 20 years ago, thanks to billions invested in better tracks, better yards, better signals, better shops, better *railroads* to do a better job.

Locomotives average 43 per cent more in pulling power—freight cars average eight tons more in carrying capacity—freight trains move an average of more than 60 per cent faster—transportation efficiency on these better “super-highways” of steel has been more than doubled in the past 20 years.

This step-up in the whole freight operation of railroads means that the biggest volume in railroad history—the traffic of the peak year 1929—could be handled today

with 350,000 fewer cars than were used at that time.

All of which means we've got what it takes to do a great job of railroading—which is first of all the “know how”—and second, the equipment required to handle any volume of traffic we can now foresee.

Even if traffic should make a vastly greater increase—the need would simply be more equipment—a simple matter if the money is there to buy it.

All the railroads need to handle any job that's given them is better earnings—a fair opportunity to earn a living and to meet other forms of transportation on equal terms.

A FAIR FIELD.
NO GOVERNMENT FAVOR.
IN TRANSPORTATION

ASSOCIATION OF
AMERICAN RAILROADS

WASHINGTON, D. C.

FOR THE TOUGH JOBS IN EVERY INDUSTRY



HEWITT'S
special features give
extra wear

● There's one sure way of getting an extra measure of service from the hose used in your plant. Specify the HEWITT label. Before any HEWITT hose passes into your service, "hard to please" men subject it to exhaustive testing. It's made to pass far more punishing tests than it will ever be asked to meet in the service for which it is designed. The longer life which comes from our exclusive compounding and construction features is directed at lowering your operating costs. Uninterrupted service... fewer replacements... outstanding strength to stand up before "killing service"—that's the story of HEWITT hose.

1859 For 80 years, HEWITT Brands have been recognized as outstanding examples of advanced research and exceptional craftsmanship. **1939**

HEWITT

RUBBER CORPORATION, BUFFALO, N. Y.

HOSE • CONVEYOR AND TRANSMISSION BELTS • PACKING

HEWITT distributors are listed in the classified telephone directories of industrial centers under "Rubber Goods" or "Belting".

THIS BUSINESS WEEK



Triangle

Ever since the blessed days of 1929 the retailers have been predicting, when the Christmas shopping season rolled around again, that this year's business was going to be almost as good as it was then. They predicted that in 1936. They predicted it again in 1937. And both times business fell short of expectations. They're predicting it again this year too, and to all intents and purposes this is the year it's going to all come true. Not only is business booming, but 25 states are giving retailers a chance to open their big Christmas shopping season on Nov. 23—as shown on the map on our cover.

General Motors

A YEAR AGO Chrysler and Ford signed consent decrees to escape anti-trust action by the government in connection with their methods of financing new car sales. General Motors, also named in the government's action, refused to give in as easily as that, challenged the government to a court fight. If General Motors had won the battle, the Ford and Chrysler decrees would have been off. Last week, though, General Motors lost the court fight. Why General Motors is still fighting, p. 15.

Television

TELEVISION was making news on three fronts last week—in Washington the Federal Communications Commission's Television Committee issued a report on

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A McGRAW-HILL



PUBLICATION

the allocation of stations and commercial sponsorship in the television field; in Newburgh, New York, RCA Victor was running a high-pressure sales drive on television receivers, making a smacking success of it, and learning plenty about merchandising this new product; and in New York City, the Columbia Broadcasting System put its long-promised television transmitter on the air for the first time, p. 19.

Death Sentence

A YEAR AGO the Securities and Exchange Commission put the screws on the utilities by requiring them to file their plans for integration and simplification with the commission. What has happened since the federal "death sentence" was passed—or, rather, why nothing has, p. 28.

Germany's War Supplies

THOUGH GERMAN submarines have sunk more than 125 ships in the Atlantic and the North Sea, and though German air raids are a constant threat to France and England, one of the most significant war developments in the last six weeks is the new economic offensive in the East—where Germany thought she would be able to satisfy her most urgent food needs. Where Germany's supplies are coming from now, and why the second World War is going to be won or lost in the East, p. 43.

Instalment Sales

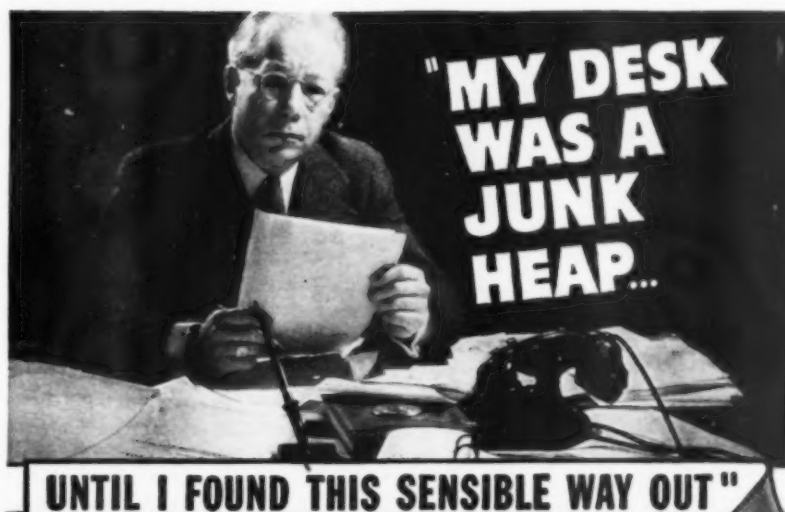
DR. ROLF NUGENT, director of the department of consumer credit studies of the Russell Sage Foundation, has published a book, "Consumer Credit and Economic Stability," with the thesis that natural curbs to instalment selling are not enough, that they must be supplemented by government controls. Dr. Nugent's plan—to have the Federal Reserve System set down-payment and liquidation terms for instalment purchases, just as it now sets the rediscount rate for its member banks. More about the theory, and the book, p. 37.

Fair in '40

THE BIG PUSH was on this week—by creditors, exhibitors and California business—to put through the plan for a re-opening of the San Francisco Fair in 1940. There was a deficit of about \$5,000,000 in the Fair's operation for 1939, but California business liked the sound of the \$100,000,000 Fair visitors were supposed to have left on the Coast this year. The Fair's chances for '40, and a round-up of its accomplishments and failures in '39, p. 32.

Tires

GOODYEAR instituted a price cut in the tire industry recently. Currently the whole field is heading into a period of low retail prices, lessened total income and profits. Outlook—none too rosy, p. 22.



"Desk piled high, day after day. Petty jobs kept my nose to the grindstone while important things cried for attention. Who? ... What? ... When? ... Where? ... How? I was bogged down in details that should be mere routine.

"I sent to the Hammermill people for their booklet '21 Ways to Keep a Clear Desk' and the Working Kit of Hammermill Bond. The material they sent gave me for the first time a simple and usable way of putting paper to work. Showed me how efficient printed forms could take details off my shoulders, keep jobs moving, pin down responsibility ... how colored paper speeds up work, eliminates errors ... how up-to-date stationery builds good will, brings in sales.

"Now at last I manage to keep my desk clear. The office runs much more smoothly. Those ideas put us on the track, and good printing and paper* did the rest."

*25 good letterheads or forms on Hammermill Bond cost only 1¢ more than on cheap, unknown paper.

Send for "21 Ways to Keep a Clear Desk" and the Working Kit. Here are a few of the things you get:

1. New, pocket-size book, "21 Ways to Keep a Clear Desk," full of proved ways of speeding up work.
2. Matched Stationery. How to design a new letterhead, revamp an old one.
3. Sample Letterheads. How printed headings can individualize a business.
4. How to get more sales from your letters. Letterhead check list.
5. Printed Forms. How to design them, 25 checks on form efficiency.
6. Signal System. How color speeds work, aids accuracy. Where to use it.
7. Envelopes. How to select them. Envelope styles and sizes.
8. Sample Swatch of Hammermill Bond. A color and finish for every business use.

Have all this information at your fingertips before you order paper and printing. "21 Ways to Keep a Clear Desk" and the Kit are FREE. Mail coupon for your copy.

HAMMERMILL BOND

Send for it!

Hammermill Paper Company, Erie, Pa.
Please send me "21 Ways to Keep a Clear Desk" and Working Kit of Hammermill Bond.
(Students, and outside U.S., 50¢.)

Name _____ Position _____
(Please attach to your business letterhead) HW-11-2

LOOK FOR THE WATERMARK IT IS HAMMERMILL'S WORD OF HONOR TO THE PUBLIC

SERVICES TO BUSINESS IN NEW YORK STATE...

"The World's Richest Market"

Example No. 12

"Yes, Bill, it certainly was a good trip. One of the officers of the Marine Midland bank in Binghamton arranged for me to meet the man I needed to see to get that tough prospect lined up."



► Marine Midland banks are located in 35 trading centers throughout New York State. Their intimate knowledge of local conditions in each community can prove invaluable to you. Let us show you how they, through this bank, can serve your business.

**The
Marine Midland
Trust Company
of New York**

120 BROADWAY

Member Federal Deposit Insurance Corporation

NEW BUSINESS

Sales Strut

GEORGIA license plates for 1940 will plug Georgia peaches. Numerals will be peach color, background peach leaf green. Plates will also have the inscription, "Peach State." Promotion is sponsored by the Georgia Association of Peach Growers.

This month the toy industry is beginning its first cooperative national campaign, planned by Famous Funn Family, Inc., an organization of toy manufacturers, wholesalers, and retailers. A free catalog of 200 "best seller" toys, classified by age groups, is being distributed. Recommended toys: infancy to six months—a shoofly (a cradle the child can rock himself); one-year—teddy bears, fluffy dogs, simple dolls; two-and-a-half—velocipedes; three—housekeeping toys; four—electric trains, construction toys, elaborate dolls; six—target games; seven—simple handicraft toys; ten and over—complicated handicraft sets.

Four technicolor shorts promoting Camel cigarettes were released in 1,587 theaters (200 cities) week before last in what is claimed to be the biggest movie campaign for cigarettes yet attempted. Films, produced by William Esty & Co., run 1 min., 20 sec., visualize Camel's current theme, "five extra smokes in every pack," by showing athletes doing hard-to-believe tricks, then flashing back to Camel's smoking machines.

What's New?

THE STATE Agricultural Experiment Station at Geneva, N. Y., has announced a method for canning fresh apple juice which may open a market for surpluses of second-grade fruit. Heretofore, canned apple juice has had a sediment or an altered taste, but "flash" pasteurization holds the fresh flavor and keeps sediment at a minimum. Enamel-lined cans are kept at a high temperature for a short time, then rapidly cooled.

Our Times

SAN FRANCISCO-OAKLAND Bay Bridge had its third birthday last week and officials announced that more than 28,000,000 vehicles have gone over the 4½-mile span. Only toll bridges with higher traffic in 1938 were the Delaware River Bridge (Philadelphia-Camden), 12,820,000, and the Triborough in New York, 11,619,000. The Bay Bridge topped the George Washington's (New York) 7,694,216 by about a million automobiles. Earnings on the San Francisco bridge for the three years are \$15,300,000. Tolls were reduced from 50¢ to 40¢ last June and a big boost in traffic resulted. Another reduction is contemplated. Interurban electric sys-

tems on the lower deck have handled 17,000,000 persons since operation began last January.

Tire manufacturers are making 125,000 tires a year for 1925 and earlier Model-T Fords still in use. Selling now for about \$5 a piece and averaging 20,000 miles before wearing out, the 30 x 3 tire originally cost \$20, was good for 2,000 to 3,000 miles. Fisk Rubber Co. engineers believe the cars which use these tires have still another four or five years life left in them.

Standout surprise of General Foods Corp.'s annual dinner for employees at the Hotel New Yorker was a novel menu which set the pace for the evening. Fresh



carnations were inserted in a die cut cover originated by Wickersham Press, Inc., 305 East 46th St., New York City.

Highspot in industrial pictorialization is United States Steel Corp.'s 111-page photographic review of the steel industry, made up for presentation to the Temporary National Economic Committee. Anyone who wants a quick, comprehensive view of steel's complexity and size should look between the covers.

Adhibitions

OPERATOR of the Capitol theater (Lincoln, Neb.) is combatting the lure to stay home which Tums Pot O'Gold contest offers each Tuesday night and not taking much of a chance at that. Radio program features the drawing by lot of one telephone number from all the different 'phone books in the United States. If the lucky subscriber is at home when his number is called, he gets \$1,000. The theater offers to pay the \$1,000 if one of its customers happens to win.

WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)—No general tax revision until after election now seems a certainty. As predicted, political expediency so obviously demands avoidance of the tax issue that statements from the White House and from Senator Harrison confirming that course were not much of a surprise. But sprinkle with plenty of salt the premises on which the Roosevelt and Harrison logic is based. They assume heavy cuts in federal expenditures—aside from national defense items. Actually the national defense spending will be bigger than now expected, and the cuts in other federal spending look bigger in anticipation than the reality will prove.

Cuts Not in the Cards

ROOSEVELT HIMSELF isn't giving the answer now, but he knows it and has stated it often. The tipoff is provided by the question he is supposed to have put to protesting budget balancers: "Where shall we cut first?"

The House may cut here and there, but under protesting roars from bureau chiefs, relievers, and spenders-at-large the Senate will put most of them back.

Hanes Stronger Than Eccles

GOV. ECCLES won't get far with his proposal for restoration of the undistributed profits tax. Under-Secretary of the Treasury Hanes is much stronger than the Federal Reserve head on Capitol Hill. It's possible but not probable that Hanes may even be able to get a few of the "deterrent" tax provisions repealed as a boost to business and to government revenues. The all-Washington consensus is that a big tax markup bill can wait till after election.

Leftists Discover McNutt

THE BOOSTING of Paul McNutt by the Corcoran-Cohen left wingers isn't to be taken too seriously as an evidence of Mr. Roosevelt's intentions. But the left wingers themselves are deadly serious. They want to be on the bandwagon if F.D.R. should decide to drape his mantle on the Hoosier.

Six months ago the Corcoran-Cohen crowd were calling McNutt a Fascist. They called his appointment as Social Security Administrator the "kiss of death," hoping the President intended to show McNutt up by letting him rattle around in a job too big for him. Now they are worried. McNutt isn't rattling, and the President keeps consulting him.

The Garner decision to run—whether Roosevelt does or not—has further

frightened the Brain Trusters, and so they rally to McNutt, who won't run if Roosevelt does.

Do Trust Laws Hit Unions?

THURMAN ARNOLD'S policy on application of the antitrust laws to labor unions (page 24) still has to face a court test. Because this is now certain, the courts' attitude is more important both to unions and employers than inspired reports from the American Federation of Labor that the Assistant Attorney General's activity doesn't have the support of the President, Boss Murphy, or Madam Perkins.

Arnold's policy practically boils down to the proposition that union activities are legitimate only when directed against employers.

Department of Justice officials won't go so far as to say that sympathetic strikes are outlawed by their interpretation of the antitrust laws. They say, indeed, that where one union is striking for a legitimate object a sympathetic strike by another union is legitimate.

Dodging the Tough Ones

IN TAKING A STAND against strikes, boycotts, or coercion by unions which has

no "reasonable" connection with hours, wages, or working conditions, Arnold doesn't classify refusal of union labor to handle non-union products as an illegal restraint of trade.

As for refusal of one union to handle the products of another union, Justice lawyers won't peep now, but they admit they may have to face that question eventually.

Build on Building Drive

ARNOLD AND HIS STAFF are counting on their antitrust drive in the building industry to get them more money for law enforcement from Congress next year. The campaign will reach its climax about the time the January session opens. Federal grand juries are still sitting in New York, Cleveland, Pittsburgh, and St. Louis, where more indictments are in the offing. Juries will shortly be convened in San Francisco, Seattle, Los Angeles, Chicago, New Orleans, Detroit.

Attack Fair Trade Laws

WITHOUT BATTING an individual or collective eye, the Supreme Court recently heard Thurman Arnold expound his belief that state fair trade acts plus the

Food Stamp Plan—Full Steam Ahead



A White House call by Secretary Wallace and Milo Perkins of the Federal Surplus Commodities Corp. was the signal for a speedup of the surplus food stamp plan, whereby relief families get \$1.50 in trade for every \$1 spent for food. Now operating in 11 cities, the plan will be extended to the Twin Cities, Denver, Providence, and half a dozen other

towns in early December, to a score more by the turn of the year. In Rochester, where the plan made its debut May 16, local banks recently threatened to levy a charge of 5¢ on each \$5 worth of stamps they redeemed for grocers, but deferred the plan this week. FSCC claimed the charge would absorb half the net profit of food stores' surplus sales.

EUROPE'S WAR —AND YOUR HEATING COSTS

If you are a building owner with regular fuel or steam purchases to make and regular heating bills to pay...

There is little you can do about the probable rise in fuel costs under these unprecedented war conditions. But—

This you can do

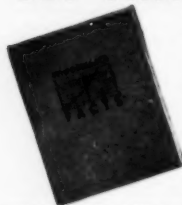
You can determine *reliably* whether your heating costs can be reduced and heating service improved. You can get these facts from the Webster Organization backed by an experience of more than fifty years in solving heating problems just like yours.

If savings can be made, you can arrange to divert some of the dollars you are now paying for heat and fuel to pay for the equipment that assures lower heating costs.

Every other week for five years, Webster preparedness messages have appeared in this publication... telling how building owners have cut steam heating costs as the result of Webster Heating Modernization.

Now, while low prices and prompt deliveries are still possible, is the time to get your Webster Heating Modernization Program under contract.

GET THIS BOOK...



Read the fact stories about economies effected in the heating of 144 buildings. Ask for "Performance Facts."

WARREN WEBSTER & CO., Camden, N.J.
Pioneers of the Vacuum System of Steam Heating
Representatives in 65 principal U.S. Cities : Est. 1888

Miller-Tydings Act don't give manufacturers and distributors free license to do what they please in the way of price fixing and that if they overstep the somewhat shady bounds of "reasonableness" they can be prosecuted for violating the Sherman Act.

The court will not be constrained either to approve or reject Arnold's theory as it was presented to illustrate points he was making in his argument in the Chicago milk case. But don't overlook the significance of his selection of that particular illustration for presentation to the court. Later, it may have to consider a case in which Arnold's theory will figure.

No Violation of Neutrality

WASHINGTON OFFICIALDOM emphatically insists no violation of the Neutrality Act is involved in the procedure whereby Allied orders in the United States are to be paid for through Federal Reserve Banks. No credits are extended under the arrangement, which was decreed by the Administration for three primary reasons: (1) The government will be kept in touch with the orders, particularly non-munitions exports, which do not have to be licensed; (2) No employee of a private bank can get an advantage for personal market transactions; (3) No private bank will be in danger of holding the bag should some slip occur.

Oil Excise Cut Protested

WHEN CONGRESS granted the executive branch authority to conclude reciprocal trade agreements without Senate confirmation, the understanding was that import excise taxes would not be affected. The newly proclaimed Venezuelan pact cuts in half the 21¢ a bbl. excise tax on oil. Result: Independent oil producers in the United States are threatening court action to find whether the law does extend to excise levies after all.

The producers point out that Sen. Pat. Harrison, Administration pilot of the reciprocal tariff legislation in the upper House, specifically promised that it would apply to customs duties only.

Scrutinizing the Broadcasters

IN GRANTING LICENSES to new broadcasting stations, the Federal Communications Commission is heavily stressing the high sense of public responsibility and service requisite in station owners and managers. The personal history and qualifications of station managers are being closely investigated, and in its forthcoming annual report to Congress the commission will ask for a special appropriation to investigate applicants for station licenses and complaints about programs over existing stations.

Politics in Farm Aid

BECAUSE IT LOOKS ESPECIALLY GOOD in election year, Sec. Wallace and his aides

Theme Song

CORCORAN-AND-COHEN theme song:

"As I was going up a stair
I saw Jack Garner wasn't there
He wasn't there again today
I wish Jack Garner'd go away."

are working up the so-called income certificate plan for wheat, cotton, and rice (BW—Nov 18'39, p16). Covering each farmer's allotted production, the certifications will be sold with the crops to the processors. This means that farmers will collect at the time they market their crops or before the November elections. Wallace is confident that the President will endorse the plan to Congress.

The objection of processors to having their money tied up until sale of the finished products probably will be met by some such scheme as proposed by Chairman Jones of the House Agriculture Committee. This would set up a government revolving fund for redemption of the certificates, to be reimbursed by the manufacturer when he actually disposes of the processed goods.

Ickes Pushes Coal Controls

IMPATIENT because his coal division hasn't fixed minimum coal prices, Sec. Ickes, soft-coal czar since May, is cracking down on his underlings to make prices effective well ahead of the industry's April 1 contract season.

Ickes, who didn't want the soft-coal headache in the first place, hopes to see the thing through and has a good chance of hitting his goal, despite some industry opposition and despite the war-stimulated flurry that sent average coal prices up 7¢ a ton. Under the coal act, Ickes also can fix a ceiling for coal prices.

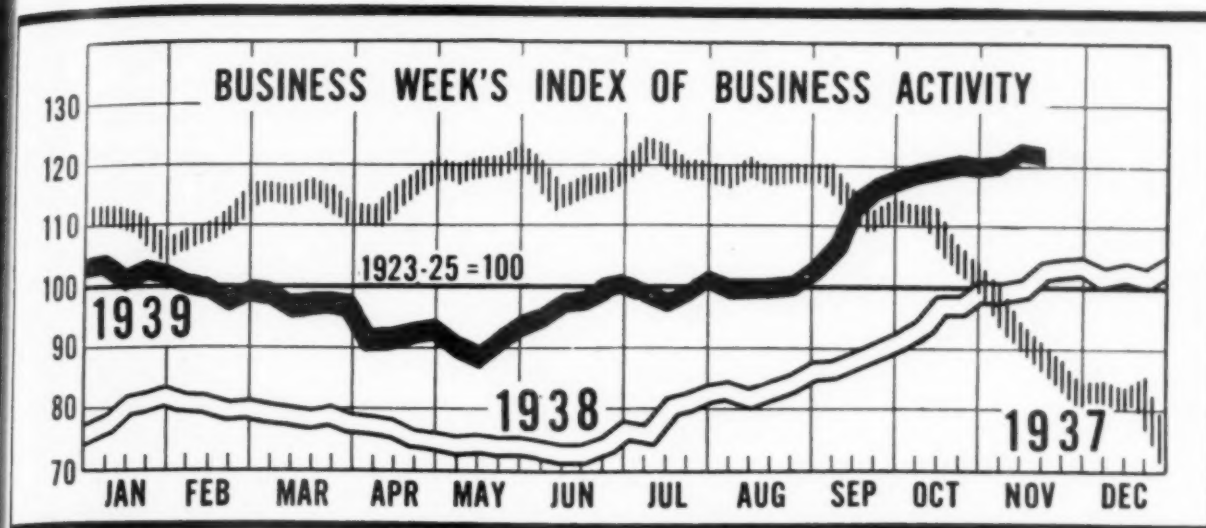
St. Lawrence Project Gains

SO ANXIOUS ARE the war-busy Canadians to see the St. Lawrence waterway-power project go through that their negotiators have dropped the demand that the treaty must include restrictions on lake-water diversion into the Mississippi Valley at Chicago.

They have also acceded to the U.S. engineers' insistence on a one-dam rather than a two-dam project in the river. With their plants jammed with war orders, they don't even care whether Canadian materials and labor are used. On this side of the border, Roosevelt is pushing hard for the project, though the Senate is still a very high hurdle. He's taking a personal interest in conversations between New York state and utility company officials looking toward distribution of St. Lawrence power by the private companies rather than by public agencies. The power would be delivered to the companies at rates reported to be as low as \$9 per kilowatt a year, subject to negotiation of retail rates which reflect this figure.

Business
130
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THE
PROD
★ Steel
★ Autom
★ Reside
★ Engine
★ Electr
★ Crude
★ Bitum
TRAD
★ Miscel
★ All O
★ Check
★ Money
★ Depar
PRIC
Spot
Iron
Scrap
Copper
Wheat
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THE FIGURES OF THE WEEK



THE INDEX.....	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
PRODUCTION	*123.2	†123.8	121.9	93.3	104.6
†Steel Ingot Operations (% of capacity).....	93.9	93.5	90.2	48.5	61.9
†Automobile Production	86,700	86,200	70,114	80,145	96,735
†Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$4,522	\$4,721	\$5,535	\$4,706	\$4,445
†Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$11,249	\$11,492	\$10,655	\$10,541	\$9,436
†Electric Power Output (million kilowatt-hours).....	2,514	2,514	2,494	2,170	2,270
Crude Oil (daily average, 1,000 bbls.).....	3,592	3,797	3,772	3,438	3,256
Bituminous Coal (daily average, 1,000 tons).....	1,654	1,710	1,738	179	1,462
TRADE					
†Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	79	80	83	68	68
†All Other Carloadings (daily average, 1,000 cars).....	52	54	58	25	38
Check Payments (outside N. Y. City, millions).....	\$4,400	\$4,106	\$4,493	\$4,161	\$4,114
Money in Circulation (Wednesday series, millions).....	\$7,364	\$7,409	\$7,330	\$6,913	\$6,732
Department Store Sales (change from same week of preceding year).....	+7%	+13%	+9%	+22%	-1%
PRICES (Average for the week)					
Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	160.5	162.0	166.7	144.1	143.4
Iron and Steel Composite (Steel, ton).....	\$37.44	\$37.53	\$37.56	\$35.63	\$36.35
Scrap Steel Composite (Iron Age, ton).....	\$19.58	\$19.83	\$20.88	\$14.08	\$15.00
Copper (electrolytic, Connecticut Valley, lb.).....	12.500¢	12.500¢	12.500¢	10.000¢	11.250¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.86	\$0.87	\$0.83	\$0.76	\$0.64
Sugar (raw, delivered New York, lb.).....	3.04¢	3.03¢	3.30¢	2.90¢	3.03¢
Cotton (middling ½", ten designated markets, lb.).....	9.40¢	9.22¢	8.90¢	9.35¢	8.66¢
Wool Tops (New York, lb.).....	\$1.154	\$1.135	\$1.180	\$0.864	\$0.843
Rubber (ribbed smoked sheets, New York, lb.).....	20.10¢	20.45¢	20.69¢	16.07¢	15.95¢
FINANCE					
Corporate Bond Yield (Standard Statistics, 45 issues).....	5.66%	5.66%	5.64%	5.76%	5.70%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.47%	2.51%	2.55%	2.14%	2.50%
U. S. Treasury 3-to-5 year Note Yield.....	0.63%	0.68%	0.70%	0.40%	0.73%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	½%	½-¾%	½-¾%	½-¾%	½-¾%
Business Failures (Dun & Bradstreet, number).....	223	220	218	237	203
BANKING (Millions of dollars)					
Demand Deposits Adjusted, reporting member banks.....	18,604	18,660	18,567	16,681	15,720
Total Loans and Investments, reporting member banks.....	23,014	22,635	22,563	21,609	21,335
Commercial and Agricultural Loans, reporting member banks.....	4,362	4,330	4,286	3,845	3,894
Securities Loans, reporting member banks.....	1,085	1,094	1,049	1,178	1,286
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	11,127	10,970	10,798	10,335	9,818
Other Securities Held, reporting member banks.....	3,338	3,344	3,342	3,228	3,194
Excess Reserves, all member banks (Wednesday series).....	5,170	5,350	5,509	4,244	3,262
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,715	2,721	2,617	2,576	2,580
STOCK MARKET (Average for the week)					
50 Industrials, Price Index (Standard Statistics).....	124.0	122.9	126.8	107.5	127.4
20 Railroads, Price Index (Standard Statistics).....	33.8	33.4	35.4	26.4	31.1
20 Utilities, Price Index (Standard Statistics).....	70.1	69.1	69.7	65.3	65.3
90 Stocks, Price Index (Standard Statistics).....	101.4	100.5	103.5	88.3	102.3
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	705	871	1,148	521	1,031

* Factor in Business Week Index. * Preliminary, week ended Nov. 18th. † Revised. ‡ Date for "Latest Week" on each series on request.



Now she's
off the
Washroom "Double Standard"

FRESH AND IMMACULATE—ScotTissue Towels are pleasant to use. Soft as fine linen, they drink up every bit of moisture from hands or face. The people who work with you visit the washroom several times a day. Think what it means to them in terms of good will to find clean, comfortable washrooms equipped with *individual* ScotTissue Towels!

Important, too, is the proved economy of ScotTissue Towels. ScotTissue Towels are made from "Soft-Weve" Thirsty Fibre. That's why they really dry *dry* . . . go farther . . . cost less per year. A clean towel for every wash

helps check the spread of disease and reduces overhead by cutting time lost through illness.

Over 200,000 plant and office washrooms have been equipped with ScotTissue Towels. Experience in installing this equipment has resulted in the Scott Washroom Advisory Service.

Have Your Washrooms Surveyed

The Scott Washroom Advisory Service is available to help you arrange washrooms comfortably, economically and efficiently. This free service will suggest how to relieve congestion, reduce overhead expense and create good will. A Scott Washroom Survey will be made of your washrooms without obligation. Please write on your firm letterhead: Scott Paper Company, Chester, Pa.



ScotTissue TOWELS

Trade-Mark Reg. U.S. Pat. Off.
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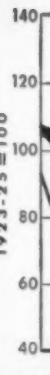
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Date

November 25, 1939

THE BUSINESS OUTLOOK

Business is completing a transition period as durable goods pass non-durable on the production charts, recalling F.D.R.'s bearish 1937 prophecy. Things are different now but some reaction seems due.

FROM A STRICTLY STATISTICAL standpoint, business this week was "mixed." Actually, however, industry was completing a period of transition which was first remarked in *BUSINESS WEEK* three months ago (*BW—Aug 19'39, p13*). The durable goods industries have now passed (in terms of 1923-25 production) the non-durable goods industries. Indeed, last month, while heavy goods manufactures advanced 19 points from 103 to 122 (see left-hand chart), lighter goods output remained stationary at 117—a clear indication that heavy production (steel, autos, cement, machinery, etc.) is taking up where the lighter production (textiles, shoes, gasoline, flour, etc.) is leveling off.

What the Statistics Show

The next big move in the *BUSINESS WEEK* Index is due when Chrysler gets into full production and turns out approximately 25,000 cars a week. In the meantime, weekly statistical indicators are putting on a perfunctory performance—some hardly moving at all. This week, power advanced slightly; autos very little; the carloadings and construction series slipped a bit.

The current transition in business is quite orthodox, economically speaking. A period of advancing business is usually initiated by an upturn in consumer goods

production (April, 1939), and thereafter the demand for durable goods tends to rise more rapidly and overtake lighter goods production. President Roosevelt had a good deal to say about this back in April, 1937, when he made his famous comment about prices being too high.

A Presidential Prophecy

The President (*BW—Apr 10'37, p13*) noted that the curve of durable goods production was approaching the curve of non-durable goods production in the Federal Reserve index and issued a prophecy. In the past, he said, whenever the durable goods curve crossed the non-durable goods curve, business invariably declined within 12 to 18 months. In the particular period under consideration, the Presidential prophecy came true. But the President himself helped it along. He announced that a further rise in output of the heavy industries was undesirable and that, consequently, government spending thenceforward would be directed into more effective labor-consuming projects than public works, such as steel bridges, dams and other construction in which a high proportion of the cost goes into materials.

Immediately thereafter, Public Works Administration expenditures declined

rapidly, and private construction was not expanding sufficiently to counteract the swift declines in both government construction and government deficit spending. The same situation does not exist today, though there is—curiously enough—a near parallel. It was last year that the Administration resumed public works projects on a large scale and PWA released a great many contracts. But now these contracts are nearing completion, the appropriations are running out, and the volume of publicly-placed construction awards (right-hand chart) has been declining rather sharply.

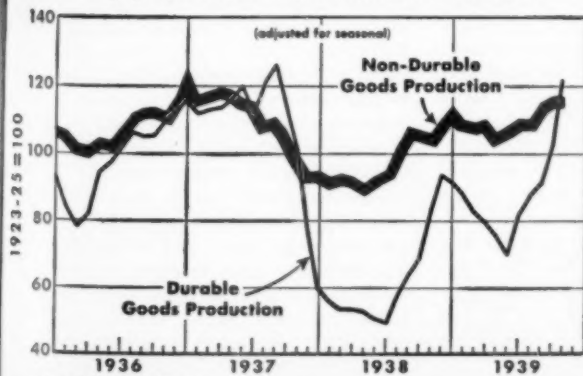
Industrial Building Rising

But this time, unlike 1937, all government spending will not drop off swiftly. For one thing, declining PWA projects will be offset by an increase in armament expenditures. For another thing, the sharp rise in general production levels has created bottlenecks and plant capacity problems, which suggest that private plans for industrial and commercial building will probably be on the increase. Indeed, in recent months, these two categories of building have shown up well relative to construction as a whole.

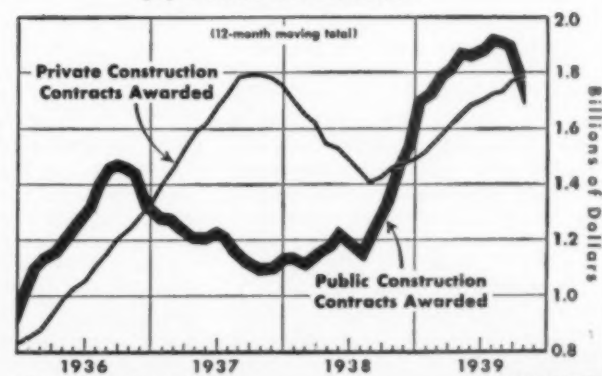
But some recession from current high levels of industrial activity (close to 1929 if not at that level) is inevitable over the near-term, if only as a natural reaction from the swift rise of 20% since August. With such industries as steel and textiles operating at capacity, it is obvious that expansion is limited. Moreover, there are enough uncertainties in the outlook to produce an automatic

TWO LAGS IN THE OUTLOOK

(1) Non-Durable Goods Production



(2) Public Construction



period of general stock-taking by business men—a breathing spell, so to speak.

Problems such as new construction, 1940 production schedules, and prices are now coming up. In steel, for instance, the industry has been puzzled over first-quarter quotations, but one small company has already taken action foreshadowing that there will be no all-

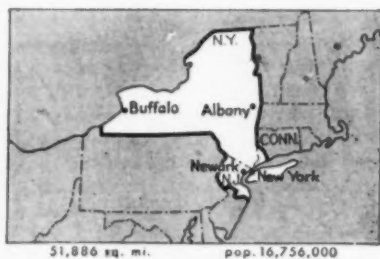
over increase. The Firth-Sterling Steel Co., manufacturers of high-speed tool steels, announced continuance of present quotations throughout 1940.

But in the retail field, the Thom McAn shoe stores have just posted a 5% price increase, effective Dec. 1, to compensate for higher hide and leather costs, and in the low-priced hosiery field, one line

went up from 49¢ to 54¢ and then back to 49¢—with lower quality—because the reception at the 54¢ level was unfavorable.

The entire price situation, both wholesale and retail, is confused. On that basis alone—until the unsettlement ends—it would be logical to expect some decline in business over the next few months.

The Regional Business Outlook



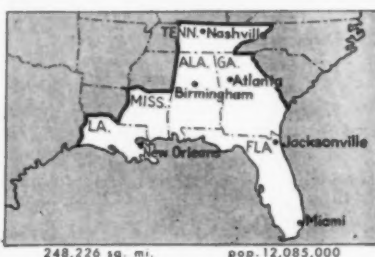
NEW YORK—Following the national pattern pretty closely, consumer goods industries in this Reserve district have experienced some relaxation of pressure. Men's and women's clothing manufacturers are still busy, but orders coming in no longer have urgent, red crayon notations for "rush delivery." Throughout the country, apparently, retailers are waiting to see what the Christmas trade brings forth.

Payrolls Up 6%

However, in metal and machinery plants, the demand continues as feverish as ever. They are still taking on men in such heavy goods areas as Buffalo, Syracuse, Utica, and the Albany-Schenectady-Troy district, where textile production (shirts and collars, especially) has also been up. Indeed, factory employment and payrolls last month recorded a 6% gain over those for September—a significant performance since the seasonal trend is flat.

Payrolls are outstripping employment during the current upswing, as many plants increase the number of hours worked, rather than add to employee rosters. The effect is to increase what economists would call the "super-numerary" or luxury-goods income in pay envelopes, and this has made merchants optimistic over the outlook for Christmas sales in the large cities of the district. Among the higher-bracket incomes—of which this district boasts the greatest percentage—dividend income is up substantially and also will contribute to increased sales of luxury items.

But Wall Street, which had a momentary fillip when the war broke, is in the dumps again. Volume of stock trading has not expanded as originally hoped.



ATLANTA—Considering the time of the year and the pace of recovery thus far, some slackening in industrial activity is due here. But more factory workers are employed than ever before and at wages that are high by previous Southern standards.

At Gainesville, one of Georgia's big textile centers, mills are recruiting workers for a fourth shift, which would permit capacity operations on a six-day, 36-hour work week, without running into wage-hour law overtime payments. At Birmingham, operations are so jammed that the rail plant of Tennessee Coal & Iron (U. S. Steel subsidiary) has shut down, despite big backlogs, to release steel for more urgent orders.

Even this area's agricultural statistics make good reading. Without benefit of government payments, crop and livestock sales are running 18% ahead of a year ago; and total income, including benefits, is up 20%. The recent rise in cotton prices is having more than a psychological effect, since farmers still own a sizable portion of this year's pick.

Pipe Line Planned

Subsidiary developments are contributing to the current strength in retail sales. The naval post at Key West, Fla.—long closed—has reopened, and construction has been started on a \$15,000,000 base near Jacksonville. Extensive army maneuvers are scheduled for the Fort Benning (Columbus, Ga.) area for the winter months. A big gasoline pipe line in the southeast—from Port St. Joe, Fla., to Atlanta—is being planned by the Gulf Oil Corp. A gold strike in the old Dahlonega mining area in Georgia (page 19) has created much excitement. Now it's a question whether it pans out.



KANSAS CITY—The punishing drought continues as the dominant business influence in this broad winter-wheat belt (*BW*—Oct 28 '39, p14). Not only does it put a damper on retail trade now (as farmers count their losses before they're harvested), but also it is bound to affect sentiment during threshing next June and July when cash returns are bound to be scant in the hard-hit sectors of western Kansas, most of Nebraska, and the Oklahoma Panhandle.

Crop Insurance a Help

In many places seeds have not sprouted, and where the green wheat blades have poked their way through the dry dust, sub-soil moisture is so thin that root growth is regarded as insufficient to pull the plants through the winter. Some farmers have been drawing water from community wells in the hope of saving part of a crop. Even a late rain would not be much of a salvation. But government crop insurance, written in greater volume this year than last, will help.

Scattered rains have improved the condition of sugar beets recently, but the crop is still far below the ten-year average. Since it is usually one of the mainstays of cash income in Colorado, there's some talk that farmers may have difficulty taking up their notes at the banks.

Mining operations are still expanding in northern New Mexico and Colorado; the boom gains momentum at the Colorado Fuel & Iron mills, and hardware and mining machinery companies operating out of Denver are busy. One manufacturer of mining equipment reports orders from the Philippines and South America. In peacetime, Germany undoubtedly would have got the business.

The Regional Outlook surveys each week three of the twelve business areas of the country.

Auto Finance Affiliate Loses Round

Indiana decision finds General Motors guilty of restraint of trade, but Arnold has long row to hoe in keeping auto makers out of finance field.

THIS WEEK, General Motors attorneys prepared to carry to the Circuit Court of Appeals an Indiana federal jury conclusion that made lawyers jump. The conclusion: that four G.M. corporations were guilty of criminally conspiring to influence the sale of automobiles in restraint of trade, but that 17 officers of those same corporations—the men who do the thinking and acting for the corporations—were not guilty. That verdict ended—equivocally—the second round of the Department of Justice's two-year-old battle with the "big three" automobile companies—General Motors, Ford, and Chrysler, and with the "big four" automobile sales finance companies—General Motors Acceptance Corp., Commercial Investment Trust, Universal Credit Corp. (a subsidiary of C.I.T.) and Commercial Credit Co.

When Justice Slick refused to throw the verdict out of court on the argument that the corporations could hardly be guilty if their officers were innocent and when he imposed fines of \$20,000 plus court costs on the G.M. group of companies, the Department of Justice definitely scored. However, Assistant Attorney General Arnold was still far from achieving his major objective.

Another Round Coming Up

A year ago, Trust-Buster Arnold won the first round when he wrung consent decrees from Chrysler and Commercial Credit (which specialized in Chrysler car financing) and Ford and Universal Credit (which handled Ford finance paper). Under the terms, Ford agreed to desist from using the name of any finance company in its advertising and Chrysler agreed to treat alike in its advertising all finance companies that saw fit to adopt a Chrysler plan. In that way, Commercial Credit and Universal Credit were deprived of a special privilege.

But there were strings attached to the consent decrees. General Motors Corp. continued to operate its wholly-owned subsidiary, G.M.A.C., and naturally the finance companies benefited whenever General Motors advertised a General Motors plan. So the consent decrees specifically stated that before they would be permanently binding, General Motors must be forced to divest itself of its control of G.M.A.C. That means a civil suit.

That's undoubtedly the Department of Justice's next big round in its battle to

put all sales finance companies—big and little—on an equal footing. For the small finance companies claim that the close working relations of the big finance companies with the big automobile manufacturers have resulted in an "unnat-

ural" flow of paper to the big companies because the big companies have an "in" and because if the dealer doesn't turn over his paper he may lose his franchise.

But the big companies, General Motors in particular, have contended there is nothing unnatural in this flow; that G. M. and G. M. A. C. come of a common parentage and that the finance paper has a natural affinity wherever G. M. cars are sold.

By winning the case in the lower court, the Department of Justice has insured the continuance of the consent decrees another year. But the equity suit to force separation of G. M. from G.M.A.C. must start soon, because the consent de-

To the Top of G.E. by Two Different Routes



When the New Year begins, giant General Electric Co., whose products are used daily by more Americans, perhaps, than those of any other company, will get a new top management. Last week, in a letter to the board of directors, Chairman Owen D. Young and President Gerard Swope announced that "we now apply to ourselves . . . our view that it would contribute to the morale and effectiveness of the organization if men in important administrative positions would consider retirement when they reached the age of 65." Both Young and Swope are now 65. They have been chairman and president since May, 1922.

Stepping into the big shoes will be the two men pictured here. Youthful, brilliant Philip D. Reed (left) becomes chairman of the board; experienced, hard-driving Charles E. Wilson becomes president. Reed is 40, has been assistant to the president;

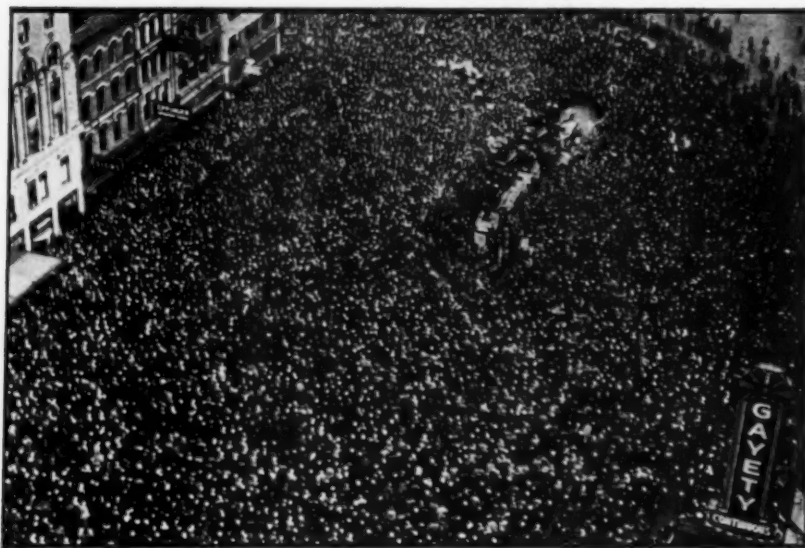
Wilson is 53, has been executive vice-president.

The two men have taken opposite paths to the management of a company which, in a good year (1937), employs 75,000 and has net sales of \$350,000,000.

Reed joined G-E in its law department in 1926, one day before his 27th birthday. In 1928, he was transferred to the incandescent lamp department, and from July, 1934, until his appointment as assistant to the president in December, 1937, he was general counsel to the lamp department.

Wilson went from office boy to assistant superintendent of a factory in 1914. Shortly, he became sales manager, then assistant general superintendent of two big works. By 1928, he was assistant to the vice-president in charge of the merchandise department; by 1930, he was himself a vice-president; and two years ago became the executive vice-president.

U.A.W. Parades Its Strength



As the longest strike in recent years worked its way to settlement this week, all Detroit was tired, including the Chrysler management and the 58,000 strikers, assembled here in a gigantic mass meeting. Gradually, both sides gave ground: U.A.W. surrendered its demand for a union

shop; the company agreed to drop the "no-strike" proviso. Arrangements were made to settle the issue of rehiring men discharged because of slowdown tactics—blamed as the cause of the strike (BW—Oct 28 '39, p46)—and to establish procedures for negotiating grievances.

crees set Jan. 1, 1941, as the time limit. If Mr. Arnold cannot make the criminal verdict stick and if the civil suit to force divestment does not succeed, then the consent decrees are off and the automobile finance industry's relations with the motor manufacturers can revert to the *status quo ante* Arnold. So, the battle has only just begun.

Big Bathrobe Battle

Dubinsky's union, angry over loss of contracts, declares war on Hillman's Amalgamated.

"Who's Got the Contract—or the Great Bathrobe Bicker" opened its second act to a yawning audience in New York City this week. Deadly serious and in no mood for wise-cracks, the executive board members of the powerful International Ladies Garment Workers Union returned from Washington where, in quarterly session, they had "declared war" on the equally-renowned Amalgamated Clothing Workers. The cause: A.C.W. had captured some labor contracts covering bathrobe-makers whom I.L.G.W.U. used to regard as its very own.

Each union has about 250,000 members, and the argument involves about 1,000 needle-trades workers in and around New York City. For some months (BW

—Aug 26 '39, p46) the I.L.G.W.U. has had pickets walking up and down in front of A.C.W. headquarters. But Amalgamated members haven't paid any attention to the pickets, except to say howdy as they go in and out of the building.

David Dubinsky, doughty head of I.L.G.W.U. and impresario of that union's famous stage play, "Pins and Needles," says that A.C.W. is raiding not only bathrobe-makers but others, and that the ladies' garment makers are going to retaliate. Sidney Hillman, head of A.C.W. and a power in C.I.O., hasn't said anything. But other A.C.W. officials claim that bathrobe workers belong with the men's clothing union, and that the bathrobe contractors prefer A.C.W. contracts to I.L.G.W.U. This seems to be true, judging from the ease with which Hillman took over the contracts last spring.

No Dispassionate Debate

Underneath the row is considerable jealousy and hard feeling. Dubinsky used to be a high guy in C.I.O., just as Hillman is. But I.L.G.W.U. retired from C.I.O. about a year ago, and since then various A.C.W. people (and newer unionists in the Textile Workers Union, which Hillman also heads) have called Dubinsky a wrecker and a traitor. Dubinsky has been on the sidelines of the A.F.L.-C.I.O. battle for some time, gradually

moving toward reaffiliation with A.F.L., which is forecast for spring.

Although the bathrobe situation is not funny to the unions, it has peculiar angles to the neutral observer. I.L.G.W.U. and A.C.W. are as like as two peas; they are the same size, they live in the same places, they both have remarkable records of steady progress. They have locals working side by side in hundreds of garment buildings. Their members mingle at lunch-time and discuss everything from Roosevelt to ruin. Right now, they seem to be concentrating on ruining each other, but they have had their jurisdictional squabbles before and are expected to work this one out without too many heartbreaking scenes.

Union Signs Up Field

Merchandising firm and Textile Workers reach agreement on five Southern mills.

WITH A 15-POINT collective bargaining agreement, Marshall Field Co. and the Textile Workers Union (C.I.O.) reached an amicable settlement on the handling of labor relations in five Southern mills this week. The agreement represents the result of several months of negotiations, following NLRB employee elections, and will greatly enhance the "acceptability" of the union in the South. Marshall Field, through expert conduct of its side of the negotiations and the reaching of a very fair contract, undoubtedly will be looked upon as a leader in introducing level-headed treatment of mass labor problems in the same area.

The agreement applies only to the five unionized textile mills in the manufacturing division of the big merchandising firm, and does not affect the Chicago retail store or a half-dozen other Marshall Field textile factories which thus far are non-union. The five plants under contract, each of which will have a separate agreement with the corresponding local of the union, are the woolen mill at Spray, N. C., the blanket and sheeting mills at Draper, N. C., and the rug and bedspread mills at Leaksville, N. C.

What the Union Gets—and Gives

Full recognition of the union, vacations with pay, and standardized methods of handling unemployment, discharges, layoffs, technological changes, workloads, safety, and health are provided in the contracts. Seniority is set up on a job basis, with performance, ability, physical fitness, and family status receiving due weight in case of layoff or reemployment. There is an integrated, five-step plan for handling employee grievances, and the signatories have banned strikes and lock-outs. The union agrees not to ask for higher wages than the prevailing local rates, and an eight-hour day with time-and-a-half is made standard.

Two New Oil States

Discoveries in Nebraska and Mississippi mark new triumph of science over the doodlebug.

ONCE AGAIN the statisticians of the oil industry must get out their pencils and revise estimates of sub-surface petroleum reserves. For the wildcatters, guided in their gambles by the detective work of geophysicists, have within the last few weeks added two states to the ranks of oil producers. The newcomers are Mississippi and Nebraska.

The discoveries mark another triumph of science over the doodlebug. Regarded by most oil men with tolerant amusement, the doodlebuggers wander about with twigs or weird gadgets guaranteed to indicate where oil deposits lie. Their percentage of hits is falling farther and farther behind that of the scientists. In both Mississippi and Nebraska, promising formations were charted by electrical recordings of dynamite shocks and the analysis of drill cores.

A Respectable Boom

The Mississippi discoveries are regarded as the more important. Union Producing Co. ushered in first Mississippi production at a depth of 4,560 ft. in Yazoo County on September 5. Another producing well tapping a deeper horizon was found a half mile from the discovery well. Result has been a well-mannered oil boom radiating from the original strike. The usual wild-and-woolly excitements are lacking since the discoveries are the result of a methodical two-year search by cautious and substantial operators. Many thousand acres are under lease and 700 drilling permits have been issued.

The showings give a powerful fillip to interest in adjacent regions. Prospects now embrace the southern one-third of Mississippi, northern and central sections of the state, and parts of Alabama. A careful trade commentator reports that Mississippi is very likely to "yield many oil pools."

Hope to Win State Prize

The discovery in Nebraska gives some substance to the "oil-less oil boom" which yielded a fine crop of leases to the farmers of the Forest City Basin during the past year (*BW*—Jan. 7, '39, p. 18). It encompasses corners of Missouri, Iowa and Nebraska. The first oil, apparently in commercial quantities, was brought in by the Pawnee Royalty Co. at 2,280 ft. near Falls City on Nov. 1. Importance of the pool is yet to be determined since the well has been shut down to await the erection of storage tanks. The operators hope to win a \$15,000 cash prize offered by the state of Nebraska for the first well that produces 50 bbls. daily for 60 days.

Thar's Still Gold in Them Hills



These men struck it rich in the 111-year-old Calhoun Mine near Dahlonega, Ga., last week when they found ore assayed at \$60,000 a ton. Few days later blasts uncovered veins with ore assayed at \$160,000. The gold shows no tendency to peter

out either. The discoveries form one more chapter in the history of the mine, which produced \$24,000 in 30 days when first located in 1828. There's no chance of another gold rush to this region, however, because all land is privately owned.

Television Takes Three Strides

FCC report has a provision for sponsored programs. Sales of sets in Newburgh indicate market possibilities. CBS station to open.

TELEVISION came to the fore this week on three fronts: The Federal Communications Commission's Television Committee issued a report on the allocation of stations and commercial sponsorship; news appeared of a new effective method of merchandising receivers; and plans for the inauguration of programs by a second station in New York were revealed.

The FCC Television Committee report seemed at first reading to dampen hopes of broadcasters for early commercialization of programs, but under the surface it makes recommendations which should encourage the industry greatly.

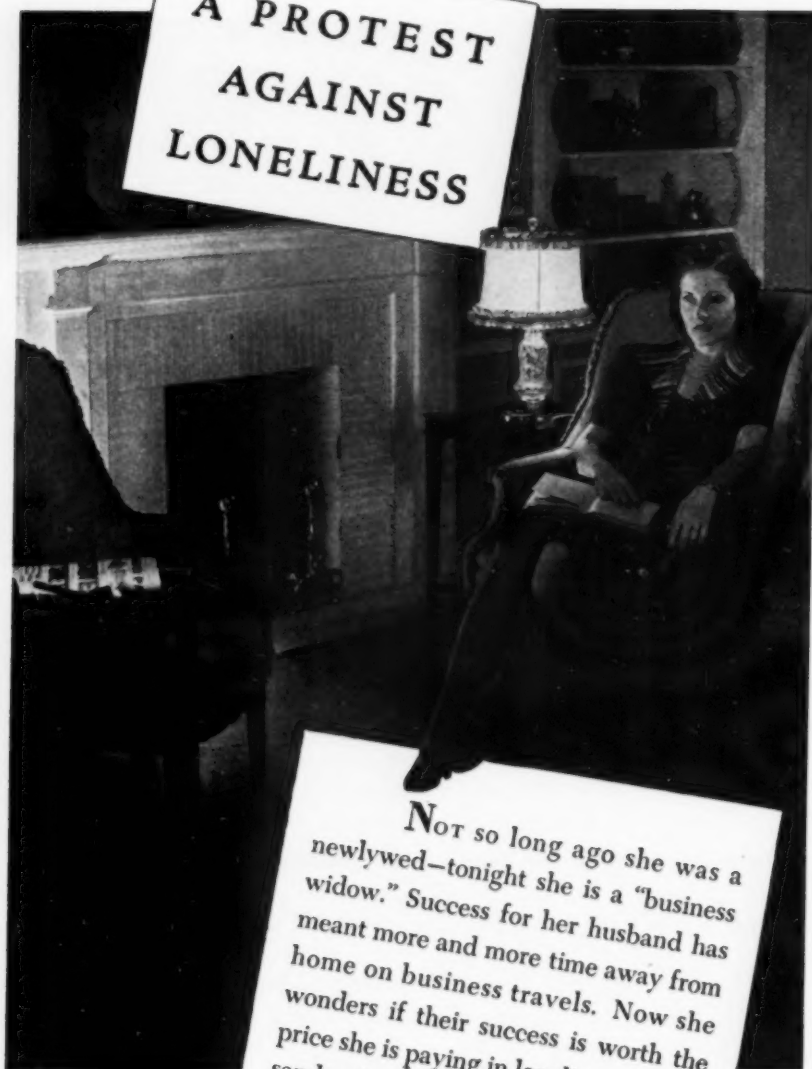
Certain stations, while not allowed to offer a full commercial service, would be allowed to broadcast programs prepared and paid for by commercial sponsors, and would be allowed to charge for facilities used, if the money so collected were spent in furthering the experimentation for which the license was granted. This privilege would be restricted definitely to Class II stations. Two kinds of stations

are provided for. "Class I Experimental Research Stations" would be licensed on a strictly experimental basis, and would not be allowed to cause interference with the Class II stations. "Class II Experimental Program Stations" would offer program service to the public and would receive the first seven frequency assignments. Class II stations would adopt the transmission standards set up by FCC as a basis of public service. Class I would be free to investigate improvements on any set of standards they choose.

An allocation schedule was drawn up which recommended assigning channels to not more than three stations in cities of over one million population, two stations in cities above 50,000, one channel for districts under 50,000, with operating power restricted to prevent interference.

A tentative allocation table published in the report showed assignments to stations in 96 cities of population over 100,000, with three stations each in Boston, New York, Philadelphia, Detroit,

A PROTEST AGAINST LONELINESS



Not so long ago she was a newlywed—tonight she is a "business widow." Success for her husband has meant more and more time away from home on business travels. Now she wonders if their success is worth the price she is paying in loneliness. Thousands of wiser couples have met this problem with air travel. These husbands "fly Douglas" in a fraction of the former time and are home more to share companionship with their wives and families.

Douglas Aircraft Co. Inc., Santa Monica, Calif. World's largest independent manufacturer of airplanes for commerce and defense.



FLY DOUGLAS THE WORLD OVER
IT PAYS TO

Cleveland, Chicago, Pittsburgh, St. Louis, San Francisco, and Los Angeles. To encourage competition, the report recommends the assigning of no more than one license to any one organization within a given area of operation. The report turned down flatly the request of "one company" (NBC) for regular commercialization, stating that the fact that fewer than 1,000 receivers had been sold in the United States was evidence that no commercialization was needed at present.

Sales Program Tested

But evidence from Newburgh, New York, seemed to show that television receiver sales might be due for a big upswing, if a new merchandising technique, now being tested by RCA Victor, proves feasible on a wider scale. Nearly 100 television receivers have been sold in Newburgh, Poughkeepsie, and surrounding territory during less than a month of intensive sales effort. This area has only one-thirtieth as many people as New York City, and if the same rate of sales could be achieved in the metropolis, thousands of sets could be moved in a similar time. RCA Victor established, for the Newburgh experiment, list prices roughly one-third less than those charged for the same equipment elsewhere, reducing the \$600 set to \$395, the \$450 set to \$295, the \$299.50 to \$199.50, and the \$199.50 to \$135. The sets were sold to the dealers at 40 per cent off the lowered list prices, the same margin allowed previously.

Promotion started about October first. Newspaper ads quoted no prices, but built up consumer interest. Then those dealers who were cooperating in the program made up lists of their best prospects and went out to give demonstrations in homes. This "pick-and-choose" selling is at variance to the "walk-in-the-store" radio selling methods usually used. It proved surprisingly successful. The experiment was first scheduled to go on for one week only, was later extended to a month, and finally extended into November with the end not yet in sight.

Dealers Hospitable to Idea

Some dealers in Newburgh held back for fear that possible changes in standards would force them to take back sets already sold, but in the main the program is well supported by radio dealers and furniture stores. Newburgh is 70 miles from New York, beyond the computed service range of the NBC transmitter, so engineers were called in at first to aid in the installations. This has since proved unnecessary, and the retail outlets are now handling their own installations. The relative importance of the lowered price and the personal contact in making sales easier is hard to evaluate, but it seems clear that both are required to crack the market.

The Columbia Broadcasting System's television transmitter in the Chrysler

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tower. New York, went on the air for the first time November 8. The first image, of a test chart, showed defects but these have since been largely cleared up, and the station will soon be ready to take the air regularly. Regular program transmissions are now scheduled to start between Feb. 1 and 15. Meanwhile, Columbia is waiting for delivery of two new television cameras which have distinct advantages over the cameras currently used, producing a clearer and more evenly shaded picture.

November 8 marked the first day that two television transmitters have ever been on the air at the same time in the same city. There had been fears that interference between the NBC and Columbia stations might show up, since both are powerful and located within a few blocks of each other. Thus far, however, no interference has been detected.

Current programs show an increased percentage of sporting events, which seem to be the most popular fare with the audience. The NBC transmitters broadcasts boxing from the Ridgewood Arena in Brooklyn every Saturday night, and has picked up all the professional league football games played in New York during the season. The schedule includes 11 to 14 hours a week, every afternoon and evening except Monday and Tuesday.

New Aviation Fuels

Standard Oil unit wins award for work in evolving a super-product for planes.

THE American Institute of Chemical Engineers will present the 1939 Award for Chemical Engineering Achievement to the Standard Oil Development Co., central research unit for Standard Oil of New Jersey. The company will be rewarded for developing processes for large-scale production of new aviation fuels and other synthetic chemical products. As a result many millions of gallons of new synthetic super-fuels, such as are required by the advanced types of military pursuit planes, are now available.

In 1929, iso-octane—the arbitrary 100 in the anti-knock scale for rating motor fuels—sold for about \$30 a gallon and was used only in laboratories. In 1937 about 7,000,000 gal. were produced as aviation gasoline. In 1938 production was up to 20,000,000 gal. and it is estimated that most of the present 125,000,000-gallon aviation market will be supplied by the super-fuel before the end of 1940.

The Award, which is granted biennially, was established by *Chemical and Metallurgical Engineering* in 1933 to recognize meritorious advance to the industry and profession "made possible through a broader participation of the chemical engineer in the affairs of the process industries."

"IT'S A Beauty"

Business acclaims the smallness, lightness and flowing symmetry of the new Dictaphone Cameo.



TO all those who have seen the new Dictaphone Cameo—and have marveled at its compact beauty, many thanks for your favorable expressions.

To those who have not yet viewed and operated this latest Dictaphone . . . smaller, lower and lighter than previous models . . . we extend a cordial invitation to do so at their earliest convenience.

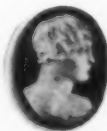
For here is a dictating machine styled in the modern tempo . . . functional beauty that pleases the eye and compli-

ments the taste of the user. Its simple lines, like the chiseled perfection of a fine cameo, tell of masterly workmanship.

New pickup portability even further extends the universal usefulness of this versatile dictating machine . . . and with this you get the positive assurance of traditional Dictaphone reliability.

Try the new Dictaphone Cameo dictating machine . . . at our expense and without obligation. Fill in the coupon . . . mail it today!

The new **DICTAPHONE** Cameo



DICTAPHONE CORPORATION,
420 Lexington Ave., N. Y. C. In Canada—Dictaphone Corp., Ltd., 86 Richmond St., W., Toronto

- ☐ Send me additional information about the new Dictaphone Cameo dictating machine.
☐ I should like to see and try the new Dictaphone Cameo without obligation.

Name

Company

Address

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation.
Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

BW 11-25

Prices Still Plague Tire Industry

Recent reductions may be maintained despite rise in cost of crude rubber, and outlook for profits in 1940 appears none too rosy.

THE TIRE INDUSTRY, plagued all year by a skittish price structure, has a watchful eye cocked on production costs as it heads into a period of low retail prices and lessened total income and profits.

Uncertainties in the crude rubber outlook and the fact of current increased costs cloud any analysis of the effect on

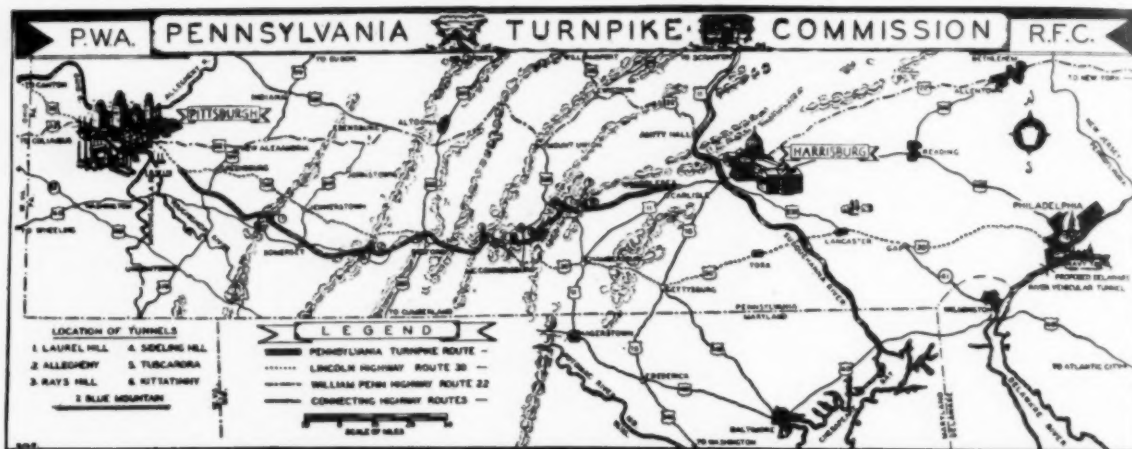
the trade of the retail price cuts initiated by Goodyear Tire and Rubber Co. (*BW—Nov 4 '39, p16*). Tire prices may even move upward by the year-end, for manufacturers, large and small, are starting to use 20-cent-a-pound rubber to build tires now priced 12.5% to 14% under the retail levels in effect when crude was 16 cents.

However, unless crude takes another big price rise, there are strong reasons for tire prices to stay about where they are.

Goodyear's action is viewed as directed against the small firms and "private brand" tire outlets, such as chain stores, mail order houses and oil companies, which have been mopping up in the replacement market. U. S. Rubler, main supplier of private brands and Goodyear's chief rival, also is a target since it is believed to have strengthened its sales position during 1939. Although the reductions slash manufacturers' profits recovery at least 6%, that cut is about what they took during the "bargain counter" sales last summer when dealers were granted extra discounts.

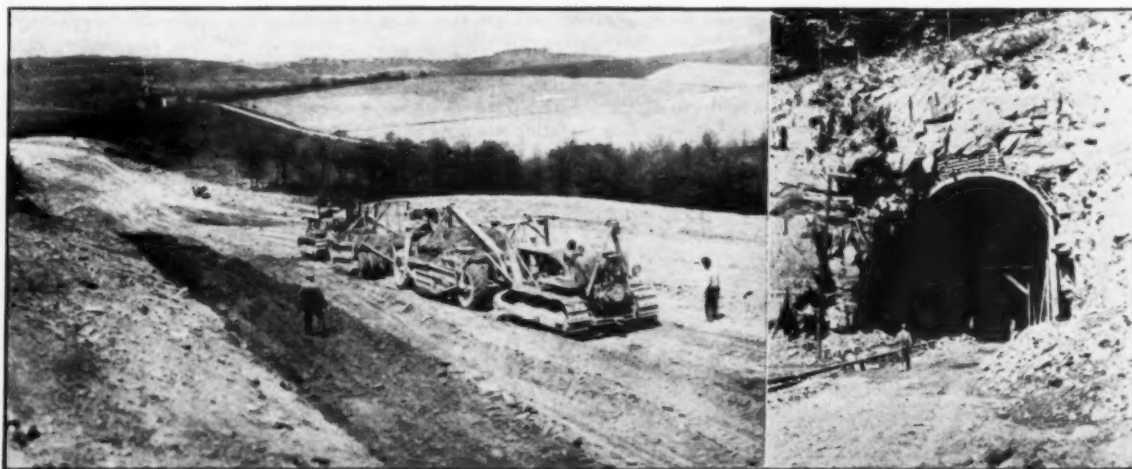
Dealers, too, take a profits cut for

Pennsylvania's Super-Highway



THE PENNSYLVANIA TURNPIKE, to be finished in June, 1940, makes use of the old roadbed of the South Penn Railway on its route from Harrisburg to Pittsburgh. Grading, 70% completed, is done by gigantic machinery like that below, and Appalachian mountain stretches are being leveled so that existing grades will be reduced by one-third. Seven tunnels, 20% completed, will also aid in providing grades comparable to those in easy, rolling coun-

try. The four-lane divided highway will stretch 160 miles. Maximum ascending grade will be 3% while curves will have a minimum radius of 1,000 feet. There will be no intersecting crossroads or stop lights to slow down traffic. Cloverleaf connections will be constructed at exits and entrances. The turnpike (*BW—May 29 '37, p23*) will be an all-weather route and help level the mountain barrier that exists between the Middle West and Atlantic Seaboard.



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they receive a 2% to 4% poorer break in wholesale prices, since the new price policy chops at discount schedules. For contract dealers, those engaged only in retail, the discounts are shortened from a total of 30% to 27.8% from list, while "key" dealers, combining wholesale and retail functions, saw theirs slashed from 37.3% to 33.2% exclusive of volume discounts and commissions.

Bonuses still range from 1% on total purchases of \$15,000 to 2½% on \$50,000 and over. They favor the large dealer as does the extra discount of 2½% for \$500 orders which was added in the new policy. Since dealers were selling tires at prices well under the old lists anyway, the cuts at that end will have little effect on their dollar volume. There will be less spread between the new list and selling prices since dealers with smaller discounts will be less willing to give them away.

Small Firms' Prices and Sales

Goodrich, Firestone, General and Seiberling adopted with only minor exceptions the price move of Goodyear. U. S. Rubber, however, kept its old lists intact but granted wider dealer discounts.

But the 20-odd small firms' prices are something else. Because of different distribution plans and discount schedules, their tires normally sell about 10% under those of the larger firms, even though their list prices might match. That price differential which spells sales is being maintained under the new program.

Little Mohawk's gains typify the small company picture. In 1937 its net income was \$15,995, equal to \$1.16 per common share. Last year its net sales jumped 16.7% to \$3,096,459 and its net income was \$273,230 or \$2.07 per share. Seiberling and General, while larger than the average small firm, but equally dwarfed by the "Big Four," show comparable gains.

Still Short of Their Share

In contrast, the "Big Four" firms, each with 50% to 75% of their total revenue coming from tires and about half of that from the replacement field, showed sales slumps of 10 to 23% last year, due primarily to the decline in tire sales to auto makers. United States, Goodyear, and Firestone made less money and smaller common share earnings. This year earnings were high up to the period of bargain sales, but the "Big Four" still weren't getting their share of the increase in replacement tire sales, which will total 37 million units this year.

The major firms aren't out too far on the price limb if costs happen to rise. A policy of "winter dating" is in effect, with prices to dealers fixed only through Dec. 31, instead of the usual six months starting with Nov. 1.

However, both Sears, Roebuck and Montgomery Ward are expected to an-



Now Standard Equipment on all Le Tourneau Machines

After the most thorough tests and many careful field observations, R. G. LeTourneau, Inc., determined to supply "Flex-Set" Preformed Yellow Strand Wire Rope with every one of their famous "cable controlled" machines leaving the factory.

Thus the greatest economy in operation is assured right from the start; for "Flex-Set" Preformed Yellow Strand is made of "improved" plow steel of highest quality, drawn to our own exacting specifications -- and 63 years' experience making nothing but wire rope has taught us what these specifications should be.

Preforming makes the rope limp and tractable -- easy to handle and install -- highly resistant to kinking -- amazingly durable.

Wherever tough jobs are to be done -- road building, general construction, logging, mining, quarrying, rotary drilling -- "Flex-Set" Preformed Yellow Strand is establishing wonderful economy records.

Ask any Distributor or Branch for details and prices. There's one in every industrial center.

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THE STRAIGHT STORY ON MECHANICAL ADDRESSING



BY *H. C. Elliott* PRES.

This book may prove an eye-opener to you. It discloses many facts you should know about modern, mechanical name and data writing — vital information which has probably never before been brought to your attention. Short, terse, to the point, it nevertheless covers every angle of comparative costs, speeds, flexibility, etc., of existing methods. When you've read it you'll have the straight story on what's been going on in addressing equipment development, what today's new trend is, and why. It was personally written by the head of the Elliott Addressing Machine Company, for your executive consideration. Kindly request your copy on your business letterhead.

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ATTENTION
OF TOP
EXECUTIVES

nounce tire price reductions in their winter catalogs for the mail order trade, and that doesn't add optimism for a move upward. Both firms have met Good-year's action with tire price cuts in their stores. In addition Standard Oil, another major private brand outlet, strong in line this week by cutting 10% under the "Big Four's" lists.

So the outlook is none too rosy. Second-half earnings this year will be affected by those bargain sales and at current wholesale prices, 1940 earnings will drop below this year's level for many firms.

Labor in the industry will find it tough to get wage increases if the United Rubber Workers' Union gets around to discussing the matter in contract negotiations scheduled for next spring in several plants.

Warning to Unions

Arnold lists five ways in which organized labor can run afoul of antitrust laws.

BUILDING TRADES UNIONS, the object of Department of Justice scrutiny in many cities (*BW—Oct 7 '39, p17*), had an advance warning of things to come this week. Having obtained indictments of unions and labor officials in preliminary skirmishes in Washington, St. Louis, and Pittsburgh, Assistant Attorney-General Thurman Arnold has paused to define the practices considered illegal.

In a letter to the A.F.L. central labor council in Indianapolis (home of Pres. William H. Hatcher of the carpenters' union, who has been indicted), Arnold lists five ways in which labor unions may be found to be breaking the antitrust laws. They are:

- (1) Unreasonable restraints on the use of more economical materials or methods in building, to force the use of higher-priced construction.
- (2) Forcing the hiring of unnecessary labor.
- (3) Use of graft or extortion.
- (4) Unreasonable restraints designed to force payment of illegally-fixed prices.
- (5) Jurisdictional strikes designed to destroy an established and legitimate system of collective bargaining.

Arnold's definitions were expected to gain wide approval from house-building consumers, business men interested in construction, and other nonunion groups. Among the unions, however, there is certain to be a bitter response. The A.F.L. already has protested. The general feeling among old-time trades unionists is that the antitrust laws don't apply to them.

The final decision will come in the courts, and this week's trend was running strongly toward the eventual restriction of any union practices which tend to slow up building or make it more costly.



Wide World

Leverett S. Lyon, who was executive vice-president of the Brookings Institution, now continues his research career as president of Chicago's revitalized Association of Commerce.

Chicago "Boosted"

But technique adopted by Association of Commerce is based on finding and facing facts.

MORE CIVIC BOOSTER spirit exists in one Trenton, Toledo, or Dallas, than in all of New York, Chicago, Philadelphia, and Boston rolled together. True to big-city type, Chicago's Association of Commerce has long contented itself with such routine tasks as running two market weeks a year, looking after freight rates, and presenting big-name luncheon speakers.

Last winter a new president, Meat Packer Oscar G. Mayer, created a reorganization committee. Old-timers hohummed. When they observed that some extremely realistic business men were accepting appointments, they wondered.

Last spring the group embarked on such un-chamberlike activities as admitting that Chicago has not been going ahead industrially for a long while. Next they shattered precedent by having private talks with labor union officers. They interviewed relief clients. They delved into taxes and the effects of machine government on industry. What they found out has never been disclosed in detail, but may be inferred from their Greater Chicago Plan.

They Mean Business

This plan assumes that adequate causes brought population and employment losses to the city. The purpose is to find the weaknesses and remedy them. Association revenues have been virtually doubled to permit expansion of the program.

This month a new chief executive moved in. Leverett S. Lyon resigned as



Your Champion

When you insure your home, business, or person in a capital stock company, you gain a worthy champion of your welfare: *a competent local agent*. He provides you with expert counsel; helps you choose correct coverages; and, when misfortune occurs, he is readily available to help you out of trouble.

The Standard representative in your community, a qualified local agent, can provide you with sound coverage in this 55-year-old stock company against the consequences of automobile accidents; injuries to self, employees, or the public; burglary; embezzlement; and similar hazards. Consult him freely.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884



DON'T JUMP, BOSS...
we'll give you another chance!

Hold back your salesmen, Pete. They're not foolin'!

Darn right they're not. That last advertising "economy" you authorized got 'em real sore! As Sales Manager, I've been trying for years to explain why you've been cuttin' down on our business paper advertising that reaches the men we have to sell. But my excuses have sounded fishier each year.

Did you explain that our big general campaign reaches everybody?

Sure, but they got wise to that one long ago. It's swell stuff, but it doesn't take the place of telling our story to buyers and dealers through the business publications that talk their language.

Well, perhaps we can put on one or two more business papers...

One or two, my foot! You'd better hop back onto that window sill if you can't see why your salesmen and I need a good vigorous program of business paper advertising to back us up; advertising that reaches all of the men who influence purchases in our markets. And not just any business papers, either! We mean publications like the ones that belong to the A. B. P....well edited...doing such a real job of serving our markets that our prospects pay subscription cash to get 'em. Quit chiselin' on the small end of your budget. It's the part that does us the most direct, tangible good!

Boys, I'm gonna let Pete here sit down with our Ad Manager and cooper up the best business paper schedule that a Sales Manager ever put back of his crew.



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executive vice-president of Brookings Institution to take what he sees as a big job of research to be followed by action.

Lyon, making few prophecies, says: "Apparently we lack adequate knowledge of advantages we have here for industry, as well as of what we must do to make Chicago more attractive. We need to know many things . . . even to such details as the chemical composition of the sewer tile."

A surprising share of attention will be directed to factors in community spirit: getting to the bottom of the relief problem; inducing the City Hall to ease up on taxing industry and housing, and to seek solution of Chicago's tax delinquency problem; seeking a formula by which workers and employers can earn more by producing more.

Security for Agents

Life companies seek way to provide for field men while improving acquisition system.

LIFE INSURANCE agency supervisors privately guess that one field man in five (not considering the lowly nickel-a-week policy sales force) makes as much as \$2,500 a year during his most productive period. To get the typical new man started, the general agent has to lend him money regularly. Against these borrowings the field agent pledges his renewal commissions. He borrows in the same way after he passes his selling peak, eventually faces precarious old age.

Big insurance men admit their faces are red when they reflect that their business, which is the prime advocate of having breadwinners provide a secure future for themselves and dependents, has taken little of its own medicine to provide for the field men who originate its basic revenue.

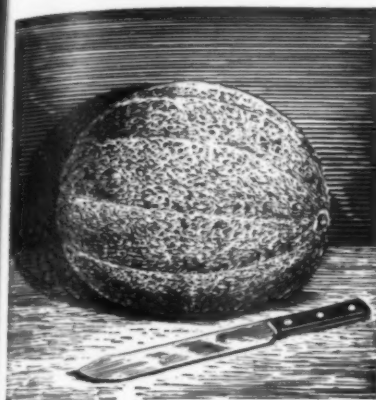
Pressure for better relationships with field forces has also come from a desire to prevent further inroads such as the successful C.I.O. unionization among men who sell industrial policies for 5¢ to 25¢ weekly premiums.

Payment Plan to Be Worked Out

Meeting the other day in Chicago, the Life Insurance Sales Research Bureau decided to act. It appointed a new committee to study agents' compensation and recommend a plan. L.I.S.R.B. is an association in which most life insurance companies are represented. While known to few persons save insurance men, it has a big reputation in its specialized field.

Members of the new committee come 50-50 from big and little companies; two presidents; two agency chiefs; two actuaries; also, the president of the agents' big National Association of Life Underwriters (28,000 members); and the two top employees of L.I.S.R.B.

For the first time the committee con-



A MELON RIPE FOR CUTTING

CAN YOU reach a market of 23,000,000 people overnight from where you are now located? A market in which is concentrated 36% of the nation's wealth? We know of a spot where you can; North Bergen, N. J. North Bergen, N. J., is located on the West bank of the Hudson River, opposite Manhattan. The main artery of travel (U.S.9) runs directly through this township. The Lincoln and Holland Tunnels and the George Washington Bridge put you closer to New York than most of New York itself; within 10 minutes of Broadway and 42nd St. 5 railroads are at your service, with 6 additional lines but a few miles away. The Hudson River with a channel depth of 35 feet is unsurpassed for shipping. An unlimited supply of skilled labor is at your very door. Unencumbered sites of unlimited size are available for heavy and light industries, at reasonable prices. Many have direct railroad sidings.

There is no corporation income tax or personal income tax in North Bergen . . . none in the entire State of New Jersey. North Bergen is financially sound. All tax assessments are made locally. Assessed valuations are kept within reason. You meet tax assessors on a common ground.

It is significant that in 1938 alone more than 1,300 manufacturers started operations in New Jersey (many in North Bergen), while over the past 2 years, 1 new major industry a week has established itself in the State. These facts alone make it worthwhile for you to investigate the possibilities of your locating in North Bergen, N. J. Write: Mayor Paul F. Cullum, for details.

NORTH BERGEN
NEW JERSEY
"The Spot Where Industry Profits"

sists of head men who are recognized leaders. Presidents M. A. Linton of Provident Mutual Life and Claris Adams of Ohio State Life are Number One men in the group.

Also for the first time, this committee is determined to get results. It immediately settled down to work out a program that will meet this major need that is seldom discussed except behind locked doors. Latterly the weakness of life insurance selling and sales management has been pushing forward for attention. Pressure is strong to reduce acquisition costs lest such groups as the Temporary National Economic Committee urge legions for the industry.

Aims at Retirement Income

Recently President Charles J. Zimmerman of National Life Underwriters Association has been whooping it up for a payment method that will give his members retirement incomes when they turn in their rate books for old age disability. Putting him on the new committee is a strong hint that action is in order.

Rigidly controlling life insurance acquisition costs is New York State's law passed after the Hughes Investigation of 1907. This limits commissions a company may pay anywhere if it is to merit a license to do business in New York. The formula is complex, applies all the way back to general agencies. But for practical purposes the basic rate is the agent's commission on ordinary life policies; 50% of the first year's premium, thereafter 5% of the next nine years' premiums. The only majors that hold out for individualistic rates, and therefore stay out of New York, are two Canadian companies and the Northwestern National of Minneapolis.

N. Y. Law Taken into Account

Recently Northwestern National has been experimenting with a new payment method that rewards keeping business on the books, looks less to the original sale (*BW—Oct 7 '39, p. 43*). Members of the L.I.S.R.B. committee view this as only a first step in the right direction. What they seek is a plan that will pay the agent fairly for writing the business and for keeping it in force; that will give him a decent living while he is in harness and assure him enough to live on when he is turned out.

Researchers are getting data from agents. When the facts are in, they are expected to give L.I.S.R.B. two "best" plans—one coming within New York's limitations, the other framed without regard to such restrictions.

Insiders guess that the eventual plan must provide for an annually decreasing salary to supplement meager commission earnings during the agent's first few years, and thereafter a joint contribution by agent and company to some form of income annuity to safeguard his declining years.



120,000,000 people live in the Americas—outside of the U.S.A. Study the trade figures. See the extra millions of dollars these consumers are now spending on U.S.A. products. New Jersey's strategic location offers a golden opportunity for steering these dollars your way. 500 miles of coastline. Regular service to and from all major All-American markets. Public piers, private piers, low-cost inland and waterfront property. This expanding All-American market is all in addition to the No. 1 domestic market. 23,000,000 people with 36% of the nation's wealth, at New Jersey's doorstep—unparalleled transportation facilities by land, air and water. Write for fact-filled booklet, "New Industrial Digest of New Jersey". Address Dept. B-2, State House, Trenton, N. J.



NEW JERSEY
A good place to WORK, to Live and to Play

New York to Rome, Non-Stop?



This commercial version of the Navy's latest flying dreadnaught is being built for American Export Airlines, for non-stop transatlantic service, New York to Rome. Designed by Igor Sikorsky and Michael Gluhareff, the plane will be capable of flying the 4,600 miles non-stop with a crew of

11, 16 passengers, and 1,600 lbs. of mail. American Export Airlines, which is now before the Civil Aeronautics Authority asking for permission to operate this service, is basing its application on the promise of this plane. Pan American Airways is contesting the action.

Wide World

Slow "Death Sentence"

Integrated utility system not yet defined, and four-year-old act is still SEC's headache, in spite of reports simplification will be speeded.

DECEMBER 1 is an important anniversary for the public utility industry. On that date four years ago the Public Utility Act of 1935 went into effect. A year ago the Securities and Exchange Commission, as administrator of that law, ruled that all utility holding companies should file their plans for simplification of financial structure and integration of geographic structure by Dec. 1.

Four years ago, one year ago, and today the crux of the matter is compliance with the law's Section 11. That's the renowned "death sentence." It stipulates that holding company systems must be simplified financially by elimination of needless intermediate holding companies; it insists that they be integrated geographically, but it leaves decision on what constitutes geographical integration pretty much up to the SEC.

A holding company, the way the law reads, might embrace one or more operating systems which are interconnected or capable of interconnection, and the properties should be in adjoining states. There has never been a decision as to how many integrated operating systems a holding company will be allowed to control nor has there been a ruling as to what constituted a property which is capable of interconnection. In fact, in re-

viewing the first year since integration plans were filed, there have been rulings on practically nothing.

To start with, many utility holding companies filed plans which might be classified as mere tokens of compliance with the order asking for such plans on or before Dec. 1. Without any precedent as to how the commission might be inclined to interpret the law, the obvious course for utility executives was to move slowly. And the SEC has been handicapped by a change in chairmanship and by resignation of the chief of its public utility division within the year.

Urge Arrearage Cleanup

Right now, inspired stories are coming out of Washington telling about how the SEC is going to speed up on utility integration. Most of these discussions say that the first thing to do is clean up the many cases of preferred dividend arrearages. The commission figures that companies which can't pay their back dividends on preferred shares are in no position to finance property realignment.

Utility men, on the other hand, contend that this business of preferred dividends is a very minor handicap to integration. Preferred arrearages grew out of hard times. Operating properties had to

meet budgets for upkeep and expansion of their systems. Sometimes they couldn't pay dividends on the common stock, so that the holding companies were bereft of income with which to pay their preferred dividends. In other cases, the subsidiary might not be able to meet its own preferred dividends, so that both parent and child built up arrearages.

Now, however, that situation has been largely remedied. Operating properties' earnings have improved. They can soon clean up any accumulations on the preferred shares, and in due time the parent companies will catch up too, utility men are convinced.

Means to an End

There is some suspicion that the commission is using the preferred dividend argument as one means to hasten the desired financial simplification. It is remembered that the commission once told a utility which wanted to borrow some money that what it needed was reorganization and not loans. Also that the SEC suggested to Utilities Power and Light that, as long as it was in the courts for reorganization, it might just as well simplify and integrate at the same time.

As long as argument goes on over points such as preferred dividends, the parties will never get down to the really tough problem—deciding what constitutes an integrated system and what will have to be done to establish one in each instance. Swapping of scattered properties, forcing various systems to get together on terms of sale, and many other problems promise years of headaches. Moreover, this already much litigated law undoubtedly will go to the courts again when disputes arise on integration.

Companies Present Their Plans

The SEC has gotten as far as public hearings on only one plan, that of Columbia Gas and Electric. This company, already pretty closely knit, probably would have little trouble but for its oil and gas holdings. It has recapitalized and altered its accounting at the commission's demand, and its properties are not widely scattered.

Hearings on the American Gas and Electric plan originally were scheduled for September but they haven't opened yet. This half-billion dollar system has interconnected properties in Michigan, Indiana, Ohio, Kentucky, West Virginia, and Virginia. These it would operate as a group. It would dissolve five companies, and asks to be allowed to continue to operate as separate systems its company which serves the Atlantic City area and that which operates in Northeastern Pennsylvania.

Other companies have many proposals. Associated Gas and Electric for years has been wiping out unnecessary corporate ramifications and it also proposes to dissolve the top holding company.

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Utilities Power and Light is converting into an investment company, just as United Corp. did years ago. North American has undertaken to eliminate its largest intermediate holding company. Electric Bond and Share has converted into an investment company and hopes to group its properties in three major systems. Cities Service has turned all the voting shares of subsidiaries over to trustees and has asked for exemption.

In every case, however, there's the haunting problem of what to do with scattered properties. The SEC doesn't want the companies to go ahead on their own for fear of overcapitalization and speculation. It hasn't as yet seated the utility chieftains around the table for a grand day of horse-swapping. In short, the commission seems bent on making haste slowly. Or has it a bear by the tail?

Ghost Plant Revives

Enables company to fill big order for government bins, boosts Galesburg employment.

GALESBURG, ILL., had a "ghost factory." The Chamber of Commerce had spent \$85,000 in building it for an industry which failed to develop. Apparently the structure would never be of any use to anybody. Last August Butler Manufacturing Co., of Kansas City, was awarded a \$2,250,000 contract for 14,500 steel corn bins, to be delivered to the government for storing 50,000,000 bu. of 1939 corn in the Middle West. The company was glad to get the business, but making delivery within the required period—60 days—was a rather terrifying problem.

The Burlington railroad's industrial department manager thought of the plant in Galesburg (a city of 30,000). Butler Manufacturing Co. lost no time. The building had to be rewired, partly re-roofed. An old floor had to be torn out, and concrete put in. New machinery had to be installed; 1,300 ft. of switch had to be laid.

Venture Makes Good

The first bin was turned out at the plant just 14 days after the company moved in. Production was soon stepped up to the point where 600 knocked-down cornerbins were being loaded every 24 hours, on 30 freight cars.

On many days, steel was unloaded in the morning and reloaded at nightfall as a fabricated product. There was one anxious week when steel manufacturers fell behind with the galvanized sheet metal, but that was straightened out.

The Butler Manufacturing Co. made its deadline, and received from the government two more contracts for more than \$1,000,000 additional steel bins. For Galesburg, the idea meant employment for 700 men, a \$35,000 payroll every two weeks.

SUGAR

in the Nation's "Sweet Spot"

● The Gulf South annually grows more than three-fourths of the United States cane sugar total, and produces millions of gallons of cane syrup and sorghum syrup a year. Here is a thriving "sugar bowl" for the manufacturer and processor seeking new locations.

Raw materials abound in this region. Rail, water, motor and air transport lead to local and world trade. Weather is mild the year 'round. Land is readily available. Labor is ample, intelligent and reliable. Schools are good, taxes are low—ten years' remission in some states.

Industry is decentralizing southward to a friendlier atmosphere. Move to the Gulf South, where you are wanted and appreciated by your neighbors! Without obligation, let us make a confidential survey for you to meet the requirements of your industry.

★
The
Gulf South
★



Invites
Industry



For information on GULF SOUTH opportunities write to
DIRECTOR OF INDUSTRIAL DEVELOPMENT

UNITED GAS PIPE LINE COMPANY

FOR TEXAS, Mail received at: Beaumont, Beeville, Dallas, Fort Worth, Houston, Longview, San Antonio and Wichita Falls. FOR LOUISIANA, Mail received at: Baton Rouge, Lake Charles, Monroe and Shreveport. FOR MISSISSIPPI, FLORIDA and ALABAMA, Mail received at: Jackson, Mississippi.

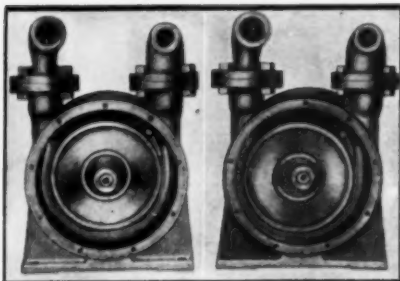
ALL INQUIRIES CONSIDERED CONFIDENTIAL

COPY, 1939 UNITED GAS PIPE LINE CO.

NEW PRODUCTS

Vacuum-Pressure Pump

AT THE START of each cycle of the Huber Vacuum-Pressure Pump, an eccentric rotor turns clockwise and begins to flatten an inbuilt loop of Neoprene hose (left). As the rotor continues around, it



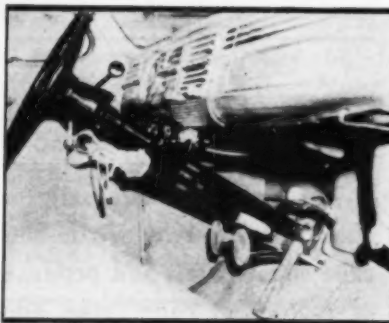
forces any liquid or gas which the hose may contain out through the discharge opening. The natural resiliency of the hose causes it to spring back to its normal round shape (right), causing it to suck in a new charge. Huber Pump Co., 90 West St., New York, has developed the new pump for handling anything pumpable which should not come into contact with metal. Pumps for various materials range in capacity from 1/10 gal. per min. to 100 gal.

Rotary Wood Planer

NEWEST TOOL for the small shop is the Berry Hi-Speed Rotary Wood Planer of Berry Tool Co., Architects Bldg., Detroit. It operates at 3,000 to 5,000 rpm. in practically any drill press which will take a 1/2-in. arbor.

Auto-brella

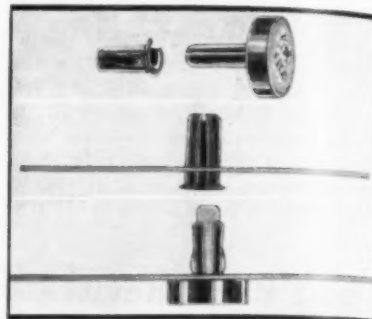
UMBRELLAS were hard to stow away in modern closed cars, until George W. Fleming Co., Plantsville, Conn., began



to make the Auto-brella, an umbrella holder, molded of black Tenite, which attaches quickly to the under side of a car's steering post.

Speed Clip

DEVELOPED to fasten parts together without the need of access to the far side or the inside of an assembly, the Timmerman Speed Clip comes from Timmerman Stove & Range Co., Cleveland. The clip itself (top left) is a cylindrical spring steel device which may be pushed through a hole from the near side. When a knob (top right) or a rivet is thrust into the clip, two cam-like tongues spring out to



lock the whole permanently. Speed clips are also available for removable and temporary mountings.

Space-Saving Furnace

SINCE FLOOR SPACE is usually at a premium in small homes, Perfection Stove Co., Cleveland, has designed its new Superflex Oil Burning Air Conditioning Furnace with a base of only 23 1/2 x 23 1/2 in. The outfit is rated at 70,000 B.t.u. with a maximum consumption of 0.65 gal. of No. 2 fuel oil per hour.

Three Ring Punch

DESCRIBED by its maker, New England Paper Punch Co., Natick, Mass., as "a 3 hole punch for 3 ring binders," the Clix Punch puts holes along the left edge



of 11 x 8 1/2-in. paper, right where they ought to be, and collects paper punchings in a removable container.

Portable Dynamic Balancer

IF HEAVY ROTATING machinery is allowed to run too long in an unbalanced condition, repair bills will begin to mount. To combat such a condition, General Electric Co., Schenectady, N. Y., is bringing out G.E. Portable Dynamic Balancing Equipment which may be carried to the machinery. Without dismantling rotors operating at speeds from 600 to 5,000 rpm, their amount of unbalance

FINE BUSINESS PAPERS • FINE BUSINESS PAPERS • FINE BUSINESS PAPERS



Modern business requires a variety of papers—for letters to customers, for records, forms and legal documents, for inter-plant communications.

Hence the different grades of fine business papers made by Neenah. Some are stronger and more permanent. All are attractive in outward appearance. Each fits a definite business need.

Ask your printer or lithographer to show you the Neenah line and to recommend the grades you should use.

Write us for the story of how Neenah's papers are made, and for samples.

Fine Rag Content Bonds, Ledgers, Index and Lightweights

MANUFACTURED BY NEENAH PAPER COMPANY, NEENAH, WIS.

FINE BUSINESS PAPERS • FINE BUSINESS PAPERS • FINE BUSINESS PAPERS

may be determined together with the quantity and position of balancing weights necessary for correction.

"Ready Rest" Case

WHEN A FILMO 141, 16mm. camera is equipped with the new Bell & Howell Ready Rest Case, the cameraman can



secure steadier shots by resting the case against his chest. Bell & Howell Co., Chicago, makes both camera and case.

PRODUCTION ANGLES

Pipe Line for Brine

CHEMICAL INTERESTS in Niagara Falls, N. Y., are promoting the formation of Niagara Brine Co., Inc., with the idea of sinking salt wells at Linden, Genesee County, N. Y., and pumping brine through a 50-mile pipe line to the "Niagara Frontier". Brine will be used in the manufacture of chlorine, caustic soda, and other heavy chemicals. Total cost of the project is estimated at \$1,500,000.

Booklets and Catalogs

(1) "BURGESS Acoustic Telephone Booths," Burgess Battery Co., Chicago; (2) "100 Packaging Case Histories," Modern Packaging, Breskin Publishing Co., New York, \$2.50; (3) "Contractors' Equipment, Catalog 600," Chicago Pneumatic Tool Co., New York; (4) "Automotive, Portable, and Specialty Spray Equipment, Catalog DG," DeVilbiss Co., Toledo; (5) "Modern Maintenance Methods for Floors," Porter-Cable Machine Co., Syracuse, N. Y.

Nine-Mile Belt Conveyor

TWENTY MILES of conveyor belting were ordered last week from Goodyear Tire & Rubber Co., Akron, O., for the 9.6-mile belt-conveyor system which will carry 1,100 tons of sand and gravel per hour from the pits at Redding, Calif., to the new Shasta Dam at Coram. The dam, which is a part of the California Federal Flood Control Project, will require the transportation of 10,000,000 tons of material over the belt during a four-year construction period. The belt will require 1,000 bales of cotton and 1,000,000 lb. of rubber in its construction.



How can I
cut down rejects?

"TRY G-E LIGHT-CONDITIONING!"

says Belmont Radio Corporation...
and proves it with increased production



MORE LIGHT FOR
YOUR MONEY

because
THEY STAY
BRIGHTER LONGER

DOES better light actually increase production?

The Belmont Radio people were skeptical... until they had a trial fixture demonstration. Now, with 55 footcandles of light on assembly work, they report a definite decrease in rejects per unit production.

How is the lighting in *your* plant? Have employees enough light so that no unnecessary time is lost... so that no mistakes are made that could be avoided through better seeing conditions?

Your local electric company will measure your lighting free of charge. But whatever your problem, you'll get more light for your money if you use G-E MAZDA lamps. They're more efficient than ever this year—and they stay brighter longer!

G-E MAZDA LAMPS

GENERAL ELECTRIC



Belmont Radio Corporation, 1257 Fullerton Avenue, Chicago, finds production up, rejects down after light-conditioning. Employees now have 55 footcandles of light on assembly work.

AMERICAN SECTIONAL BRONZE-IRON LOCOMOTIVE PACKING

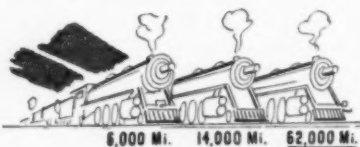
OUTWEARS ALL CAST IRON
SECTIONAL PACKING 4 TO 1



AMERICAN HAMMERED PISTON RING DIVISION of Koppers Co. developed a new type of packing for locomotive main cylinders, combining bronze and iron in segments. The bronze seats quickly and smooths and burnishes the cylinder wall, and the iron is "slow wearing" against these polished walls.



ONE RAILROAD put this new packing in 10 locomotives, and put two competitive types of cast iron packing in two other groups of 10 engines each.



ONE TYPE OF PACKING averaged 6,000 miles, another averaged 14,000 miles . . . but the Koppers American Sectional Bronze-Iron Packing averaged 62,000 miles.

LET KOPPERS SOLVE *Your* PROBLEMS

The engineering skill which enabled Koppers to solve this problem for the railroads may help you solve some problem involving any of these products: Coal and Coke, Coal Preparation Systems, Coke and Gas Plants, Purification and Recovery Equipment, Boiler and Industrial Electric Power Stations, Industrial Chemicals, Creosote, Municipal Incinerators, Castings, Special Machinery, American Hammered Piston Rings, D-H-S Bronze, Fast's Couplings, Materials-handling Systems, Pressure-treated Timber Products, Tarmac Road Tars, Roofing, Waterproofing, Bituminous-base Paints, Ships, Barges.

Koppers Company, Pittsburgh, Pa.

K O P P E R S

MARKETING

ADVERTISING • MERCHANDISING • SELLING

Coast Fair: Plans and Postmortems

Despite pros and cons of reopening San Francisco show, exhibitors have gone ahead with 1940 projects, basing them on this year's mistakes and triumphs.

WITH CREDITORS of the Golden Gate International Exposition funereally asserting that a repeat performance would not help them recoup this year's \$5,000,000 loss, and with ambitious Dan London, chairman of the fund-raising committee for the 1940 exposition, optimistically declaring that he would yet make a frequently postponed deadline for the collection of \$1,100,000 in pledges, Coast business men this week could only play their hunch. And their hunch was that the fair would reopen. That's why plans for next year's exhibits were continuing to gestate in sales and advertising offices.

California business—particularly the hotels, railroads, bus lines, and oil companies—liked the sound of the extra \$100,000,000 fair visitors are credited with having brought to the Coast this year, and it's the prospect of another \$100,000,000 next year which has been the best argument all along why the \$50,000,000 of buildings and grounds would remain intact on the artificial island in the middle of San Francisco Bay. Despite dire predictions that wrecking would begin the day after the fair closed on Oct. 29, the principal features of the larger exhibits still remain.

More Came, Spent More

From Californians, Inc. last week came the first definite figures on the fair as a tourist lure. During the 254 days, 1,455,000 out-of-state tourists spent \$212,000,000 in the state, an increase of almost \$50,000,000 over last year (other Coast states, it is estimated, profited by a like amount). Average tourist stay in San Francisco increased from 5.21 days in 1938 to 8.3 days. More than a million visitors showed up who had never before been in California. Of the 750,000 prospective tourist-visitors living in the western states, excluding California, about 402,000 or 53% appeared on Treasure Island. Of the 13,500,000 prospects east of the Rockies, 556,000 or 4.1% responded.

About 70% of the exhibitors have said they're ready to sign for 1940 while 80% of foreign nations are committed orally or in writing for participation. All but one or two states exhibiting this year have announced intention to take part in 1940.

Actually, few large-scale exhibitors are

likely to withdraw. With the 1940 dates tentatively set from May 18 to the end of October, eliminating the early spring months which flopped badly this year, rentals next season will approximate 50 per cent of this year's cost. Not all exhibitors found the exposition profitable. Those who did, say privately they'll be glad to repeat at the lower rate. Others, who have heavy investment in less successful displays see a chance to even up by minor changes calculated to improve patronage.

Science Lured the Crowds

During 1939, some 350 manufacturers competed on Treasure Island for visitor interest. Most successful were the exposition-wise corporations which were sufficiently sure of their ideas to exhibit at both fairs simultaneously. Disregarding the avowed travel and leisure theme of the San Francisco Fair, these firms unanimously adopted a science-in-industry motif. General Motors, du Pont and Westinghouse showed some of the latest marvels of chemistry and electricity; American Telephone & Telegraph presented the Voder; Radio Corporation offered television; General Electric had a new edition of "House of Magic"; Ford demonstrated the operation of precision instruments. All these exhibits attracted near capacity crowds.

Not all exhibitors were so fortunate. While top exhibits pulled around 40% of the general attendance, others drew less than 10%. For the most part, large exhibits proved the more profitable except those that attempted to dominate through sheer magnificence.

Location Wasn't Decisive

Proving, however, that neither small appropriations nor disadvantageous location could kill a really smart display were several small but highly successful exhibits. Such an inexpensive crowd-getter was the marionette rodeo of Levi Strauss & Co., manufacturers of work clothes, which continued to draw near capacity crowds until the final gun, and steadily outdrew the nearby \$300,000 petroleum industry exhibit. The Tubbs Cordage Company's actual rope-making operations in the Mining Building, the

Libbey-Owens-Ford glass bathroom, and the Owens-Illinois Company's bottle-making display in Homes and Gardens building also outdrew surrounding exhibits.

Chief complaint of spectators was the lack of lounging facilities, but a few exhibitors took advantage of tired feet by installing movie theaters with comfortable seats and a short entertaining program. Most successful were Hill Bros. (coffee), Armour, National Biscuit, and Denver & Rio Grande Western R. R. More than 200 commercials were shown on the island. Adjudged the most significant innovation was Hill Bros. idea of blending odor appeal with that of sound, motion and color. Few spectators realized that the realism of this coffee-making film was due to the odor of the product forced through the ventilators.

Robots, Chipmunks, Girls

Other leading crowd attractions included mechanical models and machinery in operation. Most of the railroads employed elaborate model electrified systems which pleased the grown-ups more than the children. The Pacific Gas & Electric Co. and Westinghouse both used electrical robots as their main attraction. Marionettes were offered by Libby, McNeill & Libby and others with notable results. Less successful were the few exhibits which depended upon free souvenirs or samples.

A few exhibitors learned lessons in the early days and quickly shifted their offerings to comply. Some displays which at first failed to draw were made successful through the addition of a single central attraction. One magazine publisher solved his problem by the simple expediency of a pair of chipmunks in a cage. A mattress manufacturer devised a huge mattress man to resemble a robot, while another exhibitor drew unfailing crowds to see a girl diving for pearl shells in a shallow glass tank. Other exhibits were improved by dramatization. The Petroleum Industries increased its patronage by adding gasmasks and other life-saving equipment. Chrysler added mechanical models and music to its automobile showroom.

Model Houses Successful

Undoubtedly 1940 will see more model homes on Treasure Island. The Western Pine Association house, the Soule Steel Company's, and the Compton dwelling attracted such crowds that several others were constructed later in the fair year. The model building of the San Francisco Junior Chamber of Commerce and the Building Trades Council was completed barely a month before closing.

Although the exposition was virtually completed on opening day, experience led concessionaires to many changes. Inadequate eating facilities resulted in numerous new restaurants. Some of these, which opened only a few weeks before

Advertisement



Arnold Genthe

INTERNATIONAL BUSINESS MACHINES CORPORATION
World Headquarters Building, 590 Madison Avenue, New York, N. Y.

"For the want of a nail ...

"For want of a nail a horseshoe was lost"
...—the horse was lost"
...—the general was lost"
...—the battle was lost"
...—the kingdom was lost."

...a kingdom was lost!"

For the want of a lens an order is lost!

A seeming triviality begins "snowballing" through related cause and effect into a problem of major significance. Faulty lenses in safety goggles may seem a far cry from a cancelled order—but all too often, a step by step examination of the evidence ends abruptly at this very point.

Style WV20 is one of more than 300 different types of Willson Goggles designed for every conceivable industrial use and condition.

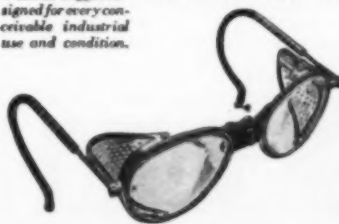
Imperfect lenses cause eye strain and headache. The workman either removes the

protection, risking injury—or his efficiency, accuracy and morale are impaired. In

either case, HIS HEADACHE IS YOUR HEADACHE, too!

WILLSON flat, Super-Tough lenses are uniformly toughened for protection ... accurately ground for undistorted vision.

WILLSON Safety Service can be applied to your plant—without charge or obligation. Write for complete information.



WILLSON
DOUBLE
PRODUCTS, INCORPORATED
READING, PA. U.S.A.

GOGGLES • RESPIRATORS • HELMETS • GAS MASKS



the early closing, find their only hope of breaking even in another season. Many Gayway concessions, unable to amortize their costs in a single year because of heavy investment or off-the-main-stem locations, also seek relief by a new deal in 1940.

Some Rose above Surroundings

As in all expositions, the popular excuse for exhibit failures was "poor location." Undoubtedly, many exhibits were hampered by location, but a few really clever exhibits proved superior to their environment. Position within the buildings really mattered little, as frontal displays just inside the entrances divided traffic so that all lanes drew an equal share. What did matter greatly, however, was the individual building itself. Main exhibit buildings included Vacationland, Homes and Gardens, Foods, Agriculture, Electricity, Science, International Hall, and the Palace of Mines, Metals and Machinery. That some of these buildings drew approximately 70 per cent of the visitors, while others fell as low as 30 per cent, proved one of the major mysteries of the Exposition. The Science and Electricity buildings, perhaps due to the grouping of several outstanding exhibits, out-drew all others of the some 300 buildings on the grounds. Greatest disappointment was the Hall of Mines with its highly publicized "million dollar" Treasure Mountain. Although boasting the

Consumer Credit—And Who Gives It						
Estimated receivables of consumer credit agencies at the close of each year, 1923 to 1937.						
(millions of dollars)						
Year	Retail Merchants	Service Creditors*	Intermediary Financing Agencies†	Cash Lending Agencies‡	Total All Creditors	Index (average of 1923 to 1937 = 100)
1923	2,991	337	356	673	4,357	70.1
1924	3,095	361	453	759	4,668	75.1
1925	3,444	409	737	920	5,510	88.6
1926	3,745	450	910	1,053	6,158	99.0
1927	3,841	481	862	1,191	6,375	102.5
1928	4,177	530	1,080	1,409	7,196	115.7
1929	4,564	596	1,373	1,650	8,183	131.6
1930	4,261	573	1,138	1,598	7,570	121.7
1931	3,734	531	878	1,299	6,442	103.6
1932	2,925	491	548	993	4,957	79.7
1933	2,878	467	614	848	4,807	77.3
1934	3,010	451	831	930	5,222	84.0
1935	3,221	472	1,262	1,125	6,080	97.8
1936	3,566	520	1,927	1,422	7,435	119.6
1937	3,818	557	2,173	1,778	8,326	133.9

* Includes doctors, dentists, hospitals, public utility companies, correspondence schools, laundries, and cleaning and pressing establishments.

† Includes instalment finance companies, manufacturers, and banks (both small-scale instalment and FHA modernization loans).

‡ Includes banks (personal loan departments and non-departmentalized consumer loans), credit unions, industrial banking companies, pawnbrokers, regulated small loan companies, unregulated lenders, and miscellaneous agencies.

only free non-commercial attraction, this building failed, perhaps, because of too many small static displays. Vacationland, expressing the theme of the whole exposition, and the International Building also fell somewhat below par.

Time Sale Control?

Question of regulation by government is raised in study by Russell Sage Foundation.

LAST WEEK, George K. Hubbard, Jr., vice-president of Commercial Investment Trust, remarked before a group of New York controllers that "there is at least one natural curb to excessive credit selling—the fear of loss on the part of both buyer and seller." The same day a significant new book appeared; its thesis is that natural curbs to instalment selling are not enough, but must be supplemented by governmental controls. The plan: to have the Federal Reserve System set down-payment and liquidation terms for instalment purchases just as the Reserve now sets the rediscount rate for member banks.

"Consumer Credit and Economic Stability" is authored by Dr. Rolf Nugent, director of the department of consumer credit studies of the Russell Sage Foundation. The book's roots go back five years to the Consumers' Advisory Board of NRA. The Board, wishing to explore the theory that recovery was being held back by held-over consumer debts, appointed an exploring committee. Russell Sage Foundation cooperated in the early study, and, when NRA died in 1935, the Foundation carried on alone.

Consumer credit has been called "the dark continent in terms of public knowledge." Tremendous in its impact on the national economy, its extent has never been delimited. "Consumer Credit and Economic Stability" scores a first by presenting scholarly estimates of the outstanding amounts of various types of

We have the STEEL!

Immediate Shipment Assured

The ability to deliver promptly is, of course, of outstanding importance today, but Ryerson offers still more. The buyer who may need angles, sheets, bars, and many other items is assured uniform high quality regardless of the size of his order. Under the Ryerson Certified Steel Plan, stocks include only selected products that meet the most demanding specifications. The purchaser can then concentrate orders for practically all his steel requirements, securing uniform high quality and quick service at a saving of time and money.

Ryerson certified alloy steels are an outstanding example of the care used in the selection of our stocks. To assure uniformity, entire heats of an alloy that meets our narrow range specifications are secured. Bars are analyzed and tested for chemical and physical properties and heat treatment response. Every bar is clearly identified with the heat number. Data sheets and charts showing properties of the steel and results of the tests are prepared and sent with every order, large or small, as a guide to heat treatment. This valuable service is given at no extra cost. Ten large Ryerson plants carrying more than 10,000 kinds, shapes, and sizes of steel products stand ready to meet both your regular and emergency requirements. Joseph T. Ryerson & Son, Inc. Chicago, Milwaukee, St. Louis, Cincinnati, Detroit, Cleveland, Buffalo, Boston, Philadelphia, Jersey City.



RYERSON

consumer credit in the period from 1923 to 1937 (see table on page 34).

The study is neither a eulogy of instalment selling nor an indictment. Author Nugent is less concerned with the extent of consumer credit than with its fluctuations. It is the fluctuations, he says, which tend substantially to accelerate booms and deepen depressions. In good times, consumers, confident of their ability to pay in the future, increase their use of credit; and credit agencies, confident of their ability to collect, liberalize their policies. Exactly the reverse occurs when incomes decline. Credit agencies undertake to bring their accounts into line; consumers avoid new commitments.

It is to correct this aggravating effect—to make instalment selling a pump-priming tool instead—that Dr. Nugent advocates governmental control. He suggests the Federal Reserve System as the likeliest administrative agency. "It should be possible," he says, "with very little modification of existing facilities for bank supervision, to limit the portfolios of banks to consumer credit paper which came within the down-payment and amortization standards fixed by the Federal Reserve System."

How Time Sales Rank

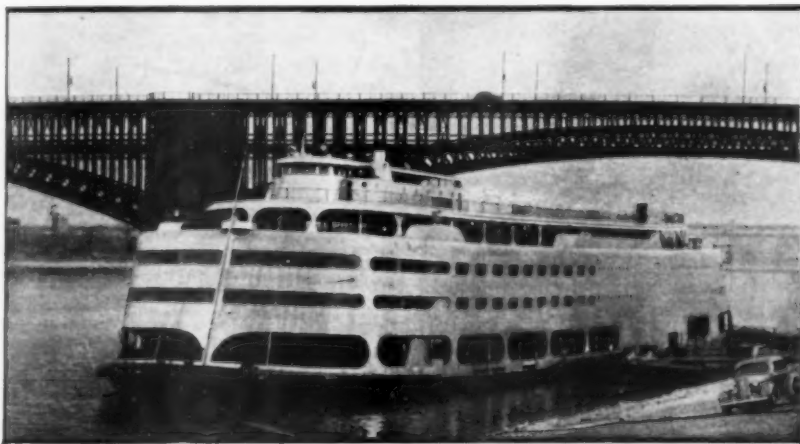
Furniture leads field in volume of instalment business and in length of payment period.

THE IMPORTANCE of instalment selling to furniture and other lines is measured in a study that has just been released by the National Association of Sales Finance Companies.

It reveals that furniture stores topped all retail classifications in the ratio of instalment sales to total volume in 1938. Time-payment furniture purchases were 73.3% of the total. Next in line were household appliances with 68.5%, jewelry with 40.6%, automobiles with 40.2%, auto tires and accessories with 12.8%, department store items with 8.9%, men's clothing with 6.8%.

Payment of debts was almost in inverse ratio. Men's clothing instalments were cleared up in 5.6 months, auto tires and accessories in 5.9 months, department store debts in 11.7 months, jewelry in 14.6 months, automobiles in 16.5 months, furniture in 19 months, household appliances in 24.6 months.

Excursion Steamer—1940 Model



VEILED IN SECRET for two years, this excursion steamboat under construction in the Mississippi River at St. Louis is going to give the folks something to talk about when it makes its first public appearance. Five decks high and 374 ft. long, its second and third decks will be air-conditioned by a plant of the same capacity as the Normandie's. (The first, and the two top decks will be open.) There are 74 watertight compartments in its steel hull—twice the number in the Queen Mary—and as many as 11 chambers may be flooded simultaneously without danger to the vessel. Built of fireproof and

fire-resistant materials, the steamer's outer body is sheathed in all-welded steel, with glass windows encircling the two enclosed decks for more than half the length of the boat. An oil-burner, it will be powered by two 1,500-h.p. poppet-valve engines operating huge enclosed side paddle wheels, located aft of the center of the boat. The modernistic pilot house is on the fore part of the top deck. As yet unnamed, the boat will be put into operation by Streckfus Steamers, Inc., operators of excursion boats from St. Paul to New Orleans, at the opening of the summer outing season in St. Louis in 1940.

Our policy ... in 62 words

As each new account comes to us, a highly specialized service is built around it... tailor made.

We do not take on an additional client until we have established this thorough service behind the latest one.

We further restrict the growth of our clientele to the capacity of one or more of our principals to give continuous personal service to each client.

**Newell-Emmett
COMPANY**

Advertising Counsel

40 EAST 34th ST., NEW YORK



**Big
Kansas City Food Terminal
to have**



Refrigerating & Ice-making Equipment

For cooling 1¼ million cubic feet of storage space, and freezing 160 tons of ice daily.

Three big Frick 4-cylinder compressors, and a large 2-cylinder Frick machine, will carry the refrigerating load. Architect is Jos. W. Radotinsky.

For that important refrigerating, ice-making, or air conditioning job of yours, get quotations from the nearest Frick Branch Office or Distributor. They're in 150 principal cities throughout the globe.

FRICK CO.
DEPENDABLE REFRIGERATION SINCE 1892
WAYNE, OHIO, U.S.A.

Redipoint THE BUSINESS MAN'S PENCIL

YOUR NEW ADDRESS ANNOUNCEMENT IS EMPHASIZED BY REDIPOINT

MANUFACTURED EXCLUSIVELY FOR ADVERTISERS BY

BROWN & BIGELOW

Remembrance Advertising

SAINT PAUL, MINNESOTA

Oil Men Jumpy over Credit Cards

Standard of Indiana planning 200,000 new accounts. Washington: scrutinizing practice, which brings business (and headaches) to big firms.

OIL COMPANY credit men were jumpy last week over word that Standard Oil Co. of Indiana intends to place 250,000 credit cards in motorists' wallets—200,000 more cards than it now has out. With next month's dividend checks S.O. (Ind.) will urge 100,000 stockholders to apply

for credit cards, will follow up the circular with calls from salesmen. Each of several other companies is believed to have more than this number of cards outstanding; but credit men are nervous lest this new distribution precipitate unforeseen credit woes.

Credit cards are a potent business builder. They permit the motorist to fund his gas and oil bill along with what he owes the department store and the meat market, and thereby fix in him the habit of buying only at the pumps of the company whose card he carries. Only a big company can put out credit cards that are worth carrying; a touring driver leaves a small outfit's territory in half a day's run. Hence, as a method of winning retail customers the credit card is something that only the majors can use to good effect, and it is for that reason that cards are under sharp scrutiny at Washington, reputedly both by the Federal Trade Commission and by the Temporary National Economic Committee.

But the cards are most effective as a device for adding new outlets. Consider how much stronger a sales story an S.O. (Ind.) field man will have for converting new prospects and holding old dealers in line when he can tell them his company has 250,000 cardholders on the highways where previously there were but 50,000.

Again, by putting out cards to a dealer's good customers, the company effectively takes over financing his accounts receivable. A charge ticket serves as cash in paying for a wagon dump—most companies take it at face, some discount it 1%. Most dealers need capital.

Trouble for Credit Managers

Although credit cards unquestionably are here to stay until outlawed, they are just a sharp twinge in the neck for credit managers. A credit card gone wrong is next thing to a book of signed blank checks or an unlimited letter of credit. One cardholder went haywire and began earning his living by carrying passengers between New York and California for less than bus fare. The gas and oil bill for his transcontinental taxicab passed \$500 before he committed an unrelated federal offense and landed in jail.

When a card customer goes bad, the loss is not \$10 but is usually from \$150 to \$300, and on occasion has run above \$2,000. It costs more to bulletin a nationwide chain of service stations than the credit loss is likely to total. So the credit department usually waits until the errant



dag beats heat!

MAN PUSHES TONS WITH EASE

Where, before, two and sometimes three men were required to push the car out of the kiln, now one man does the job - and estimates indicate a further saving of 25% in wheel maintenance.

This is the actual experience of a company whose production problem involved the lubrication of kiln car wheel bearings subjected to 450°F over three-day cycles and carrying a weight of from two to three tons. Ordinary heavy oil carbonized and "froze" the wheels; powdered graphite in kerosene helped, but settling of the large graphite particles in the carrier was encountered.

It was not until "dag" colloidal graphite dispersed in kerosene was used that the problem was solved. Excellent suspension, of course, was assured as was a solid lubricant which easily withstood the existing temperatures.

"Dag" colloidal graphite, dispersed in various fluids, is solving problems in many industries using high temperatures. Ask your oil supplier about his lubricants containing colloidal graphite and write us for 40 page brochure giving 182 applications of this product in industry.

ACHESON COLLOIDS CORPORATION
PORT HURON, MICHIGAN

dag
COLLOIDAL GRAPHITE

customer settles down in one region or until the card expires. A customer commits not even a misdemeanor by using his card far beyond his ability or intention to pay.

In recent years the oil men's section of the National Association of Credit Men has undertaken several national surveys. The 1939 survey, recently completed, shows a steady increase in number of companies issuing cards. Likewise, there has been a big increase in the number of agreements which provide for one company's honoring the cards issued by another company in areas where the issuing concern lacks distribution. Percentage of active cards to issued cards has jumped from 54% to 58% since 1937. Average monthly purchase per account was 52 gals. last year, 67 gals. this year. Of the monthly accounts, 57% average less than \$10; 25% average \$10-\$20; 18% average more than \$20.

How Much Loss on Sales?

Average loss on credit card sales is .79%. But this is a lot bigger than it looks, since the oil company gets only about 30% of the sales ticket total for its own sales. The rest represents gallonage taxes, sales taxes, retailer's and distributor's margins, and transportation costs. Actually, the percentage of credit loss to the refiner's share of the sale is a good 2.5%. Average number of accounts handled per employee is 690. Total cost of credit card business over cash business averages .85¢ per gal., or 4.85% of the sale.

Abuses to which the card is subject are innumerable. Principal classes are sale of unauthorized merchandise or services, and advancing cash. Since the dealer always writes up the ticket as so many gallons of gas and quarts of oil, the companies scrutinize all large tickets microscopically, threaten to revoke a dealer's charge privilege when they catch him charging 17 gals. into a 14-gal. tank or selling 40 gals. in one day to the owner of one Chevrolet.

Conflict of Oil Laws

West Coast trust cases may bring showdown on status of fair trade act in California.

THE CURTAIN is about to rise on the second act of Thurman Arnold's antitrust drama featuring West Coast oil companies.

Industry observers, studying the indictment by a Los Angeles federal grand jury last week of seven major companies, five secondary concerns, 27 independents and two associations, saw these significant highlights:

(1) Contrary to usual antitrust procedure, company officials were not indicted; action is against firms exclusively. In the two famous Madison (Wis.) cases



PICTURE OF A MAN

... and his family ... and his friends

Every pair of hands that work in your plant or office is the living symbol of a SOCIAL ENTITY ... a man (or a woman) and his family ... and his friends. Because his responsibility is essentially a group responsibility, your industrial relations program must reach out to embrace this larger circle of influence.

There is no better way to build good public relations than to begin at home with good employee relations ... and no surer way to build a sound foundation for employer-employee cooperation than through Connecticut General's "Protected Pay Envelope" plan. With Social Security benefits providing a basic layer of protection, group insurance goes farther than ever before toward establishing employee security on a cooperative basis.

Write for a copy of our new "Protected Pay Envelope" booklet which tells the story of this plan and gives concrete examples of its practical application. Booklet outlining Social Security Act also available.

Connecticut General LIFE INSURANCE COMPANY

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Connecticut

THE PROTECTED PAY ENVELOPE

Life, accident, sickness insurance, annuities, and all group lines

Strange Facts About Fire!

SOME SCIENTISTS BELIEVE A
WALL OF LIVING FLAME
PROTECTED ANCIENT EGYPTIAN TOMBS
AGAINST **GRAVE ROBBERS.**
CHEMICALS IGNITED A TERRIFIC BLAZE
WHEN VANDALS BROKE INTO OUTER
CHAMBERS!*



*AS REVEALED IN ARTICLE IN AMERICAN WEEKLY, SEPTEMBER 10, 1939

A ROOM CAN BE SO FULL OF
GASOLINE FUMES
THAT NOTHING CAN BURN IN IT!
EXPLANATION—TOO MUCH VAPOR...TOO LITTLE OXYGEN, TO SUPPORT COMBUSTION!

IN **CONFINED SPACES,**
DON'T USE AN EXTINGUISHER THAT
CREATES HARMFUL FUMES. USE **LUX**
EXTINGUISHERS, WHOSE
CARBON DIOXIDE SNOW
AND-GAS IS NON-TOXIC,
YET FAST IN KILLING FIRE!

STOP FIRE FAST Kill fire in that precious first minute and you'll stop destruction to plant, equipment and production schedules. Fight fire with extinguishers that are engineered for industrial use.

LUX is Industry's fire fighter. Lux portables for electrical and flammable liquid blazes. For the serious, concentrated hazards, like vats, tanks,

FIRE AT THE FIRE!

AIM THE NEW **KIDDE-LUX** MODEL TWO AT
FLAMES, **PULL TRIGGER,**
AND FIRE DROPS DEAD.

EXCELLENT PROTECTION
AGAINST SMALL
BLAZES IN
YOUR
PLANT.



big electrical motors, install Lux Built-In Systems. **CARBON DIOXIDE does the trick.** Clean, dry, harmless carbon dioxide snow-and-gas makes Lux kill fires faster, keep damage down, eliminate all wetting or soiling. **SEND THE COUPON** For free information on latest fire-fighting methods in industry, send the coupon. Do it today.

Walter Kidde & Company, Inc.

1124 West Street, Bloomfield, N. J.

Send me free booklet "Don't Play With Fire", which describes Lux portables, Built-In Systems, and new Kidde-LUX trigger control extinguisher.

NAME _____

COMPANY _____

ADDRESS _____

(BW—Aug 8 '36, p.26) company officials were named.

(2) Some of the concerns now charged with conspiring to maintain excessive prices are lessors of federal land in the Kettleman Hills area. Strangely, they are defendants in a prior court action brought by the government which cites them for plotting to keep prices down.

(3) Charges that gasoline prices have been increased artificially by the indicted firms appear to conflict with California's fair trade law. Under that act a retailer is forced to sell at a price named in his contract with his distributor who is responsible for policing the retailer.

Showdown on "Stabilization"?

The government's move may lead to a showdown on whether voluntary attempts to stabilize market conditions are to be given leeway under the Sherman Act or whether strict enforcement is to ban such efforts. Last July the federal Circuit Court of Appeals at Chicago reversed conspiracy convictions obtained at Madison, Wis. (BW—Jan 29 '38, p.16), and held that the stabilization efforts involved were reasonable.

Last week's indictments are the third series on the West Coast since 1929. All of them have resulted from the industry's attempt to tackle the oversupply problem. The first was concluded in 1930 by a consent decree. The second, in 1934, petered out when the government abandoned prosecution.

The Coast cases complicate an oil production outlook already confused by defeat at the referendum election, Nov. 7, of California's Atkinson oil control law, passed last session by the state legislature.

Charges Against Companies

The Los Angeles indictments allege that defendant companies control 95% of the gasoline consumed on the Coast and that they conspired to maintain prices by: (1) forming two trade groups, the Fair Practices Association and Independent Refiners Association; (2) buying gasoline at arbitrary prices to eliminate competition; (3) allotting fixed quotas to independent refiners, thereby limiting their production; (4) refusing to do business with service stations desiring to switch brands; (5) blacklisting companies for price cutting.

If found guilty, defendants face possibility of a \$5,000 fine, the maximum penalty. On Dec. 4, arguments will be heard in Los Angeles, before United States District Judge Paul J. McCormick, upon application of the government to impound a ton or so of documents on which the grand jury based its indictments. Among indicted companies are Standard Oil of California, General Petroleum Corp., Shell, Tidewater Associated, Union, Richfield, Texas, Gilmore, Rio Grande, Seaside, Signal, Sunset and 27 independents.

MONEY AND THE MARKETS

FINANCE · SECURITIES · COMMODITIES

Foreign Selling Retards Markets

Wall Street figures investors abroad are taking home about \$1,000,000 a day out of American markets. And that may be what's wrong with prices.

"HOW ABOUT foreign selling?" That's the question on every tongue in the country's financial centers. In fact, this selling is of such moment that, to paraphrase President Roosevelt's remark last year concerning holding companies, it is a case of an 8½-inch tail wagging a 91½-inch dog.

In markets as thin and nervous as these, even a small amount of steady liquidation is sufficient to abort any rally. And the foreign trading has been all selling, no buying.

For more than two months now, the stock market averages have been running in a five-point trading range. Each time these averages have tried to break through on the upside, a wave of selling has stemmed the advance. Wall Street has been confident, on each occasion, that foreign liquidation has been responsible.

This foreign selling has been predominantly for British account, which is readily understandable, since British investments in American securities are the largest of any foreign country—more than a billion dollars. British investors may sell but they now are permitted to

buy American securities only in very rare circumstances. And the British investor has an added incentive to sell, since he takes a "profit" from depreciation of the pound.

Suppose he bought some nice American corporation shares last year. Then his pound bought almost five dollars' worth of American securities. Today, of course, his holdings are registered with the government. From the Bank of England, he gets permission to sell, does so, turns the proceeds over to the authorities, and gets in return pounds sterling at the official rate.

Affected by Pound Decline

But even at the pegged price of \$4.02, the pound is worth 17% less than it was when he bought his securities a year ago. When he sells, his dollar balances will buy 17% more pounds. Thus, the English investor is apt to sell his American stocks at this time, not merely because they have appreciated in value during the September boom, but also because they bring him this premium in pounds.

Thus far, it is believed that this foreign selling has been entirely on indi-

vidual initiative and that the British government has not confiscated private holdings. Some estimates place it at \$1,000,000 daily; Washington authorities doubt that it has ever exceeded 8½% of total volume. But this 8½% is all on the selling side.

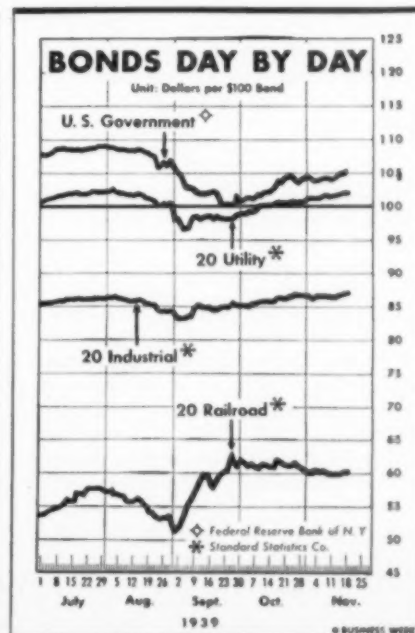
Yet, no matter what investors may think of affairs at home and abroad, there's no gainsaying the fact that they are being treated to an unusually large slice of favorable dividends.

Good News for Stockholders

On top of many extra and special dividends previously announced, another impressive list has been compiled within the last few days. Mighty close to the top of the list is du Pont, with a year-end declaration of \$3.25 a share. The big chemical company will pay \$7 a share for 1939 against \$3 in 1938.

Then there's the \$2 final dividend for Johns Manville (bringing 1939 payments to \$2.75 against 50¢ in 1938). General Electric's declaration of 65¢ for the fourth quarter against usual payments of 25¢, and Kennecott's final dividend for 1939 of \$1.50 against \$1 a year ago. Along with these big companies are aligned many other important industrials, a representative list of which follows:

Magma Copper, final dividend of 82¢ against the usual 25¢ quarterly; Bayuk Cigars, 18½¢ regular and 25¢ special; Scott Paper, 40¢ regular and 25¢ extra; Colt's Patent Fire Arms, 50¢ regular and \$2.50 extra; South Penn Oil, 37½¢ regular and \$1.50 extra; Great Lakes Dredge & Dock, 50¢ extra; Brunswick-Balke-Collender, \$1.50 final against 75¢ in the third quarter of this year and 25¢ quarterly previously; John Morell, 50¢ extra; Neisner Bros., 25¢ regular and 25¢ extra; Standard Oil of Kentucky, 25¢ regular and 30¢ extra.



Banks Help USHA

Make \$50,000,000 available for low-rent housing at interest averaging 6/10 of 1%.

BANKING and government got together last week to write a new chapter in this country's slum-clearance campaign. The banks made available \$50,000,000 of short-term money for the building of low-rental housing in 11 cities at an average interest rate of six-tenths of 1%.

It was the first time that a large-scale operation of this sort had ever been arranged, and it was hailed as an outstanding success by the United States Housing Authority, agency which handles federal financing of slum-clearance. Some of the significant points of the arrangement:

1—A nation-wide banking syndicate with members in 32 cities bought short-term notes, federally guaranteed, which are well suited to bank investment.

2—\$50,000,000 which had been advanced or pledged for the slum-clearance projects of the 11 cities was made temporarily available to USHA.

3—The participating cities will now benefit from a much lower rate of interest than the USHA rate during the period of construction.

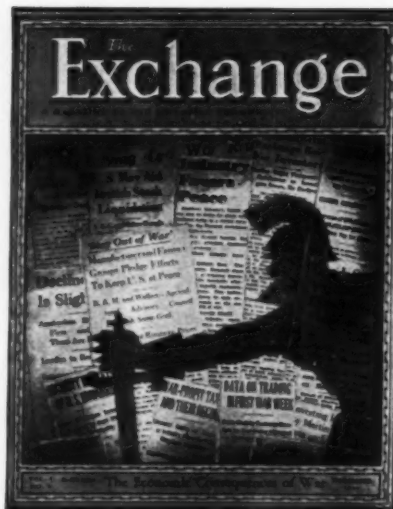
Easier for the Cities

Heretofore, the USHA has advanced money for construction of these projects, as it was needed, at its long-term rate of 3% to 3½%. Thus, during the period of construction (from 6 to 18 months) the local authority has had to pay interest on its money at the 3% to 3½% figure. Under this new plan, they pay interest during the construction period based on the deal which the banks are willing to conclude.

In this case, the banks figured that they could advance short-term money at 0.6%. The local housing authorities will take the proceeds of the notes, repay advances heretofore made by the USHA, and go ahead with the construction. When the notes fall due, the USHA will repay the banks. By that time presumably the projects will begin to rent and to pay their own way. At that time, the city will get its full loan from the USHA and will begin to pay interest at the stipulated annual rate of 3% to 3½%.

The cities which sold these notes were Atlanta, \$4,300,000; Charleston, S. C., \$1,410,000; Charleston, W. Va., \$1,700,000; Chicago, \$3,465,000; Washington, \$1,500,000; Louisville, \$7,000,000; Macon, \$1,000,000; New Orleans, \$9,600,000; Peoria, \$3,000,000; Philadelphia, \$8,900,000, and Pittsburgh, \$7,800,000.

The banking syndicate, on a national basis, was headed by New York's Chemical Bank & Trust Co. In bidding for the individual cities' notes, however, the national group was represented by local banks or banks from nearby cities.



The New York Stock Exchange this week was out with something new in its publicity—a magazine, the cover of which is reproduced above. It in a way replaces the discontinued exchange bulletin. However, it gets away from the mass of statistics which made up the bulletin, and undertakes to appeal to the public through readable articles. Highlight of the first issue is an appraisal by William McC. Martin, Jr., exchange president, of "The Economic Consequences of War."

FINANCIAL ANGLES

Reserve Banks and Credit

DURING THE CRISIS in the market for United States Treasury bonds which came after the outbreak of the war, the 12 Federal Reserve Banks bought very heavily to prevent demoralization of government bond prices. In fact, the central banking authorities picked up a little over \$400,000,000 of bonds and \$65,000,000 of notes. On the other hand, since the middle of this year, the Federal Reserve has not replaced government bill holdings as they matured and were paid off. Bill holdings have declined steadily from \$450,000,000 early in July to a mere \$104,705,000 on Nov. 15. And, with the government bond market fairly normal again, the Reserve lightened its government bond and note holdings by nearly \$17,000,000 in the first half of November. When the Reserve sells a bond it means that somebody else buys (usually a bank) and has that much less idle cash on hand. Thus reduction of \$177,000,000 in the system's government holdings since the crisis has tended ever so slightly to restrain the boom. However, the Reserve could sell all its \$2,650,000,000 of

governments without using up more than half of member banks' excess reserves, so this form of credit control is a good bit less than perfect.

Nineteen-Year Fight Ends

NINETEEN YEARS ago, Swift & Co. and four other big meat packers signed the famous consent decree, under which they agreed not to deal in 114 commodities unrelated to meat products. For Swift & Co., this meant relinquishing its hold on Libby, McNeill & Libby, profitable canning company subsidiary. And a bitter court fight ensued, during which Swift at one time succeeded in winning a modification of the decree in 1931, only to have that modification squashed (and the original decree reaffirmed) by the Supreme Court a year later (BW—May 11'32,p10). Following that decision, Swift put its Libby shares in trust until they could fulfill a court order to sell these holdings. Now, a banking group headed by Gloré, Forgan & Co. has concluded arrangements to buy the stock, and the court has approved. After the necessary technicalities are concluded, public offering of a new common stock issue will be made, probably around next May.

Copper's Tariff Wall

THE MARKET for copper in this country for years now has been reserved for American producers by the import tax of 4¢ a lb. The tax, of course, works exactly like a tariff. But when the State Department started to talk trade treaty with Chile, there at once were indications that the import levy might be cut in half. This doesn't bother Kennecott and Anaconda much, because they are the big producers in Chile. But the other producers, led by Phelps Dodge and Calumet & Hecla, have descended on Washington en masse. And they've employed a maneuver which served the cane sugar refiners well. They've managed to enlist labor in the protest. Every pound of Chilean copper imported into this country would mean a loss in wages, American miners argue.

Wallace Rigs a Market

COTTON SHORTAGE continues to worry mill interests in this country. Consumption at home plus exports will probably account for a million bales more than the 1939 harvest. If farmers pledge very much cotton in return for federal loans this season (waiting for better prices, even though the loan is pretty far below the market price) there obviously would be a pinch. But Secretary of Agriculture Wallace has taken over 6,000,000 to 7,000,000 bales of loan cotton. Moreover, farmers can withdraw 3,000,000 additional bales which are still under loan if the price becomes attractive. So the squeeze in cotton won't be any worse than the Department of Agriculture wants it to be.

BUSINESS ABROAD

FOREIGN TRADE · INTERNATIONAL AFFAIRS · FOREIGN INDUSTRY

East Holds Fate of Germany

Economic offensive there is Hitler's best chance to nullify blockade, but results are not yet impressive. Italy proves rival in Balkans.

THE EUROPEAN WAR will be won or lost in the East.

Though German submarines and mines have sunk more than 125 ships in the Atlantic and North Sea, and despite the formidable threat of German air raids over Britain and France, insiders in neutral capitals know that the new economic offensive in the East is the most significant development of the last six weeks.

It is here that the Germans have expected to be able to satisfy all of their most urgent food needs and some of the industrial demands for raw materials. If they could corner the wheat surplus of the Balkans they could more than cover the needs of Greater Germany. Hungarian and Polish livestock will help meet

a shortage in Germany. And if the Reich can buy, barter, or take by force the total Balkan surplus of corn, it will come very near meeting Germany's minimum demands.

Hitler's bold moves to acquire these necessities are what have created apprehension in the Balkans and among the Allies and neighboring neutrals. Italy was appalled a few weeks ago when trade scouts in Sofia wired back to Rome that German officials had boldly promised to supply oil to Bulgaria (despite the fact this is one of the war materials most desperately needed by the Reich) in return for Bulgarian soybeans, wheat, and corn. It was a daring effort to assure Germany these supplies in the face of strategic competition from other countries.

Economic Controls Imposed

Hungarians and Rumanians have watched with alarm the German controls imposed on conquered Czechoslovakia and Poland. All radio sets have been confiscated. Germans have taken over all major industries, geared them into Germany's Four-Year Plan of war-time rationalization, and staffed them with German vigilantes. In Yugoslavia, the government has created a new commissariat in the Ministry of War to control the production and export of all minerals. Yugoslavia has greater mineral wealth than any of the Balkan states except Rumania, which has important petroleum fields. Germany needs Yugoslav copper, lead, and bauxite, and has worked systematically for several years to encourage barter deals, despite the fact that British and French companies own and operate the most important Yugoslav mines.

Though Hitler's totalitarian system makes it possible, by holding the German public to minimum rations even at the beginning of the war, to provide a larger export quota than would be possible under a freer economy, it is impossible for a nation as big as Germany to provision itself from the East alone if the war becomes active.

The Vienna Institute of Business Research has just announced that southeastern Europe can supply one-fourth of Germany's present food imports if all

Can the Allies Starve Germany?

CUT OFF FROM OVERSEAS supply sources by the British blockade in the North Sea, Hitler must depend mainly on neighboring countries for food and raw materials not produced at home. This table shows what Germany's imports of 17 important items amount to normally, what portion comes from neighboring countries still accessible to the Nazis, and how near Germany could come to meeting its full normal demands if—by one means or another—it could gain control of the full export surplus of all of these regions.

Imports of Greater Germany*		Exports of Neutral Nations*			
		To Germany (bold face)		To all countries (light face)	
		(in thousands of metric tons)			
(in thousands of metric tons)		Odo Group ⁽¹⁾	Balkans ⁽²⁾	Baltic States ⁽²⁾	Soviet Union
Wheat	807	21	278	5	14
		181	1,177	43	314
Rye	204	22	111	10	...
		71	149	103	79
Barley	276	16	149	2	42
		100	374	10	256
Oats	99	8	17	...	27
		39	26	10	89
Corn	1,349	3	697	...	1
		28	1,224	...	34
Vege- tables	392	160	71	2	21
		879	178	21	60
Fruit	1,003	31	137	1	2
		75	165	2	6
Lard	58	20	21	...	...
		35	22	2	...
Butter	76	57	2	12	3
		231	5	42	26
Meat	85	13	12	...	...
		268	28	17	2
Fish	235	146	2	...	...
		506	4	3	7
Cotton	492	19	...	...	3
		52	...	...	15
Wool	191	12	2	...	...
		71	3	...	...
Rubber	105	6	...	...	...
		10	...	...	...
Copper	266	38	11	...	...
		126	37	...	...
Oil	3,810	54	1,231	...	376
		305	6,247	...	2,949
Iron Ore	15,550	8,624	87	...	1
		12,300	331	...	184

* Average 1934-1937.

⁽¹⁾Includes Belgium, Holland, Denmark, Sweden, Norway, Finland.

⁽²⁾Includes Bulgaria, Rumania, Hungary, Yugoslavia.

⁽³⁾Includes Estonia, Latvia, Lithuania.

Shoppers' Delight



Leopold

Department stores in the U. S., including Hollywood, can't come up to those in Japan, which provide their customers with movies, zoological gardens, and even shinto shrines. Matsuya's store in Tokyo has gained an edge on all others now, though, with this cable car on its roof.

How many "mental sit-downers" have you in your organization?

"In every factory and store, among office workers and salesmen, costly 'sit-downs' have been going on for a hundred years—*mental sit-downs*", says Craig Davidson. "Commands to do thus and so have met with mental sit-downs which have been just as effective in blocking production and sales as any physical sit-down that ever stopped an assembly line."

"That is one reason why this book," he goes on, "should be useful to any man whose job is to get other men to do their work right. It should visualize for him *what causes mental sit-downs and what to do about them.*"

Getting Things Done in Business

By EVERETT B. WILSON

Formerly Assistant Director of Personnel,
Kroger Grocery and Baking Company

\$2.50



A practical set of suggestions to executives giving detailed directions for getting employees to do their jobs as management thinks they should be done.

"An executive's success depends squarely on two points: whether he has good ideas and whether he can get his ideas actually and properly used." This book deals with methods of getting your ideas used efficiently. It tells how to get policies, plans and instructions carried out as they were designed to be carried out. It is in effect a working manual on leadership. It tells how to secure effective and intelligent cooperation.

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Gives you many practical ideas on:

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- What can be done to get instructions carried out efficiently?
- What are the disadvantages of driving?
- How can you improve subordinates' attitudes?
- How can you really check performance?
- How can you criticize subordinates effectively?
- How can you develop responsible subordinates?
- How can you dispose of alibis?
- What is the technique of developing enthusiasm?
- How can you guard against troubles of jealousy?

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(Books sent on approval in U. S. and Canada only.)

the Holland-Belgium-Scandinavia group still provides the largest quantities of some of the most important materials. Rising animosity between Holland and Germany threatens these supplies. So does the British blockade which is attempting to stop all incoming shipments except those destined for consumption in Belgium or the Netherlands.

The blockade makes it impossible for the Nazis' new and modern fishing and whaling fleet to operate outside the Baltic, and in the past, only 5% of Germany's fish supply came from the Baltic.

Though the Reich is ferrying a continuous flow of iron ore from northern Sweden, conservative naval leaders in Berlin insist that they are at the mercy of Stalin in the Baltic now that he has air and naval bases in the little Baltic states. They claim Moscow can blackmail Hitler at any time for more concessions.

Germany has problems in the Balkans too. Italy, since Germany became involved in war, has started a trade drive all through southeastern Europe. To Rome this is a necessity as well as an opportunity for export expansion because the war has cut off Italy's two billion lira tourist business. With Italian ships able to sop up some of the business formerly carried by German, British, or French lines, Italy is using everything that will float and going after trade in the Balkans and Latin America.

"Ally" Sees Chance for Business

Italian negotiators ran smack into the Germans in Belgrade a few weeks ago when they successfully booked a deal to take more timber, livestock, grain, and mineral ores in return for a bigger share of the Yugoslav market for textiles on which they can now offer better prices and delivery terms than the Germans. Also, the Balkans are buying up supplies which Germany needs badly. Latest example is the purchase of Turkish cotton by Hungary.

Russia remains an enigma to the average German as far as an active economic alliance with Berlin is concerned. Two deals have been completed with Moscow—one for cattle fodder and one for oil—but most of the responsibility for delivery is left to the Reich. Since German-gauge railroads extend only across the former Poland (and Moscow will not allow them to be extended inside the Soviet Union), deliveries are difficult and slow. The Soviet banner flies above the Adlon hotel in Berlin these days, and German and Russian negotiators are busy, but results to date are not very great.

Germany is feverishly active in the East but the trade accomplishments so far aren't impressive. Nevertheless, Germany's best chance of nullifying the blockade in the West and of out-sitting the Allies is in keeping open and expanding its contacts in the Balkans. It is here that the outcome of war may yet be decided. Watch the Balkans.

Reich Rations Clothes

Germans receive 100 coupons, must make most of present wardrobes, budget purchases.

BERLIN (Wireless)—Suburban trains buzzed with excitement this week as home-bound Berlin workers excitedly discussed the newest wartime rationing program introduced in the Reich.

More than 70,000,000 Germans have now received clothes rationing cards, each with 100 coupons attached. Each item of clothing bought calls for the surrender of a specified number of coupons. A man's suit, for instance, calls for 60 coupons. A shirt is rated at 20 coupons; a collar at three; and a handkerchief at two. When a man buys one suit and two shirts he has used up his year's "clothes budget." Problem for the German is to make the most of the wardrobe he has on hand and budget his future needs carefully.

Reaction to the new move so far has been unexpectedly favorable. So far in the war, the clothing business has been almost completely at a standstill. Now merchants are allowed to acquire new stocks and can anticipate almost to a suit the amount of business each is likely to have during the coming year.

Customers, too, welcomed the ration cards when they were handed out this week. Everyone gets the same treatment, and the year's allowance of clothes is no longer a matter of speculation. With some clothes on hand and the hope that the ration system won't last indefinitely, Germans are entering into the spirit of the colossal new experiment with more patriotic fervor than many observers had anticipated.

Relying on Artificial Fibers

Hitler's problem of clothing Germany during a war is tremendous. Only about one-quarter of the raw materials used are produced at home. Germany grows no cotton, has only a small quantity of wool, and lacks even sufficient wood-pulp to meet the full demands of the rayon industry.

With the virtual elimination of cotton imports and drastic restrictions on wool imports, the Reich is concentrating all its energies on the production of artificial fibers. Zellwolle, the artificial wool developed by German scientists in recent years, will be a mainstay for the clothing industry but the 200,000 tons now produced annually will barely meet one-fifth of the country's demands. Production should rise modestly next year, for chemists have discovered that they can make zellwolle from potato leaves and Germany regularly has a huge potato crop. Limited quantities of Chinese and Russian cotton have been promised to the Reich in a special agreement with Moscow for transportation over the

Trans-Siberian railroad and in the Balkans German agronomists are busy teaching the farmers to raise cotton on the guarantee that Germany will take the entire crop off their hands every year. This is the same technique that was used three years ago to encourage Bulgarian and Rumanian farmers to grow soya beans and it has proved to be fairly successful. Industrious farmers in a backward part of the world are learning the benefits of scientific farming and guaranteed marketing.

Finns Safe from Soviet

War too costly for Russia. Manpower needed to develop resources, solve internal problems.

Moscow (Cable)—Newspapers here still carry streamer headlines berating the Finns but few knowing observers in

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SO YOU'RE GOING TO ST. LOUIS! STAY AT Hotel Lennox IT'S RIGHT DOWNTOWN, GOOD PARKING... AND MAN, WHAT SERVICE!

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1 PART INSTEAD OF 2 PARTS

Saves ONE HALF ON ASSEMBLY COSTS

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Replaces Threaded Nuts and Lock Washers

SPEED NUTS are manufactured from high carbon spring steel and heat treated to provide positive holding power for the life of the product. Made for most standard sizes of machine screws, stove bolts, metal screws, metal rivets and plastic studs. Many special shapes and sizes also developed for mass production products. Write for samples today, stating sizes desired and nature of application.

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MANUFACTURERS OF PATENTED SPEED NUTS
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Moscow believe that the Kremlin would risk a war to satisfy Russia's demands on its little neighbor. To the man in the street as to the officials in the Kremlin, the Soviet Union's big problems are still internal. Manpower is needed for the exploitation of vast new mineral fields, the development of transport, and the speeding up of industrial production. Russia can't afford to risk a war needlessly until more progress has been made in all of these lines.

This realization is partially responsible for the fanfare this week over the production of the millionth automobile in the Soviet Union. Red banners are flying from the two great automobile plants in Russia—the Stalin factory in Moscow and the vast factory at Gorky, once the romantic old merchant city of Nizhni Novgorod.

Rise of Russia's Auto Industry

Long articles in the daily press stress the fact that one of the Soviet Union's newest and most important industries is really beginning to get into big time production. Before 1924, Russia had no automobile factories. Between 1924 and 1928, struggling mechanics managed to turn out 1,000 cars—all of them practically made by hand. Mass production got its real start in the first Five-Year Plan. Between 1928 and 1932, production jumped to 57,000 cars, but fell far behind the goals set by the first unpracticed planners. Between 1932 and 1937, Russia produced 555,000 cars. In the third Five-Year Plan, which ends in 1942, the Kremlin expects to reach its goal of 1,100,000 cars. Two of the latest models were shown in the Soviet exhibits at the World's Fair in New York.

Though production still is not large, compared with output in the United States whose industry the Russians have carefully taken as their model, Soviet factories are now turning out sport cars, limousines, ambulances, fire engines, and trucks carrying derricks.

Not all Russian cars burn gasoline. Models are now in use which burn kerosene, natural gas, butane, propane, acetilene, charcoal, and anthracite.

Competition from the Kremlin

Most spectacular announcement of the week of celebrations is of the new Lilliput car which goes into mass production early next year. Equipment for the KIM factory, where it is to be built, has already been ordered in the United States. The car will be larger than the Austin or the Crosley and should be a direct competitor with the People's Car which is being built in Germany under orders from Hitler. German officials have already said that their small car may be offered in export markets before it is widely sold at home. Russians contend that they will be ready by 1942 to compete in export markets with automobiles from any capitalist country.

WAR BUSINESS

REGULATIONS • WAR ORDERS • TRADE CONDITIONS

Allies Pool Economic Resources

Franco-British coordination of supplies offers new business challenge to United States. Buying missions will avoid competition in our market.

MORE IMPORTANT to American business than any war orders placed last week was the announcement that Britain and France had created an Allied Supreme Economic Council to coordinate all war activities. In the World War it was not until 1917, three years after the war began, that the Allied Purchasing Council was established.

For the duration of the war, at least, Britain and France become a great economic bloc buying, selling, shipping, and financing business as a single corporation.

Before they buy our airplanes they will consolidate their needs, buy as a unit so as not to compete against each other in our market, and arrange for delivery on either British or French vessels which will be convoyed to Europe under the supervision of the Supreme War Command.

If Britain runs low on butter, France will share its supplies until new shipments arrive from abroad. If France needs wool, Britain will see that Paris receives a portion of the British Empire supplies which are now completely under the control of London.

Together, they aim to go after the foreign trade which Germany has lost. It is too much to expect that they will share it equally from the start, but there will at least be a joint effort to maintain deliveries and keep up supplies of raw materials for industry.

Control Sources of Power

To the United States the combination offers a new business challenge. Britain enters the deal with an Empire producing half of the world's supply of wool, practically all of the jute, well over half of the rubber, more than 80% of the nickel, more than half of the tea and cocoa, and the most important single holdings of tin, lead, copper, and gold. France's biggest contributions to the vast supply pool are vegetable oils, iron ore, chromium, potash, and bauxite.

There will be no communal sharing of these supplies, at least at the beginning. Each will pay the other for whatever it uses. But with control over such a large portion of many of the world's most important materials, they expect to be able to assure themselves a home supply at all times even if the haul from the Empire

supply source is long. And they expect to hold prices at reasonable levels by bargaining their control of one essential against their needs which must be supplied abroad.

Le Petit Parisien sums up the spirit of the new pact: "We must renounce egoism and such slogans as 'Buy British' and 'Buy French.'"

With portfolios of instructions from the early plans of the new joint control, two French buying missions arrived in New York this week. One was headed by military and naval experts, the other by experts in the French steel industry.

Persuading the Canadians

In Canada the British have been buying 1,000,000 to 2,000,000 bu. of wheat a day, despite the fact that no final settlement has been reached in London on the demand of the war authorities that the whole crop should be bought by the government and sold only through government channels. It is rumored in Ottawa that London may soon increase the proportion of Canadian wheat used in its flour from the present 10% to as much as 50%. This is undoubtedly a part of the inducement being offered by the British for full control of the crop.

The battle over sharing the expenses of the Empire training plan is just about ended. Because Canada will be left with a chain of airfields across the country which were used for training, and with barracks convertible into commercial hangar facilities, the Canadians have been induced to accept a larger share of the cost than they had been willing to accept in the first negotiations.

The heavy toll of ships lost in the English Channel last week may speed up plans in Canada for the transfer of Great Lakes vessels to transatlantic service, at least during the winter. Nevertheless, Canadians have gone no further with their planning of the transfer than to estimate that to refit the vessels to make them seaworthy on the Atlantic will cost nearly \$5,000 for each ship.

With the economic point of view that is characteristic of this war, the Canadians estimate that this is \$1,000 a month for a single season (in case the war lasts only one year) or \$500 a month if they

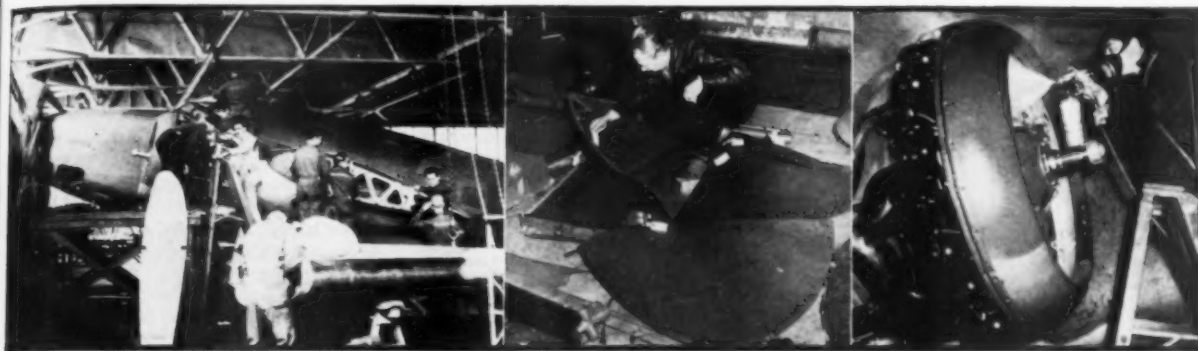


Bombers, flown from the West Coast, are parked at Floyd Bennett Field.

How Britain Gets Bombers

Since the repeal of the arms embargo, West Coast aircraft factories have been rushing out war planes ordered by Britain and France. Lockheed Aircraft Co., for example, flies bombers from Burbank, Calif. to Floyd Bennett Field in New York, where they are dismantled and readied for export. This is a behind-the-scenes record of how it's done.

Reddy Arnold Photos

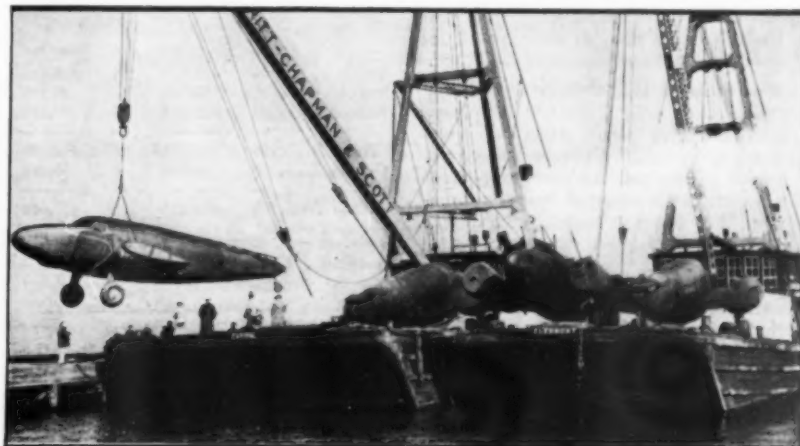


The planes are stripped down . . . all parts are tagged . . . and motors are given a protective spray.



Wings are crated separately . . . the crates are addressed . . . and the stripped planes are towed to the dock.

The Lockheed bombers flown to New York for shipment to England are first dismantled, then loaded on barges and taken to a Staten Island pier, where they wait to be transferred to ships for Europe. In England they will be reassembled and placed in service by the Royal Air Force. Each plane is reputed to cost England \$100,000. Since the repeal of the arms embargo, most of the U. S. planes ordered by England and France have been flown to New York for shipment. Some, however, have left the West Coast on freighters bound for Europe by way of the Panama Canal. Others will be flown to the Canadian border, where they will be taken across by the Canadians, delivered by them.



Lighters take planes to Staten Island to await shipment to Europe.

International

The War Week in Business

At Home

Trade Conditions—October exports, estimated at \$323,000,000 (exclusive of re-exports) by the Department of Commerce, rose 14% from September and were 18% above October, 1938. Shipments to European belligerents declined; shipments to Latin America were up.

Deliveries will soon begin on a \$500,000 Japanese sheet steel order, shifted from Germany to the Empire Sheet and Tin Plate Co., Mansfield, O., when the war started.

C.O.D. service to Finland has been ordered suspended by the Post Office Department.

Trade Expansion—In Guatemala City this week a majority of Latin American delegates and representatives of the United States agreed that (1) a more flexible and united banking organization between the Americas was necessary; (2) it would be desirable to relax exchange restrictions; and (3) the United States should be urged to provide capital for new industries in Latin America. Occasion: The first Pan-American Conference of representatives from the Treasury departments of 21 countries.

Meanwhile, the Export-Import Bank loaned \$2,000,000 to Nicaragua for "highways and other public necessities," and agreed to discount notes of Paraguay in payment for highway construction to be carried out by United States engineers. Cost is estimated at \$3,500,000.

Trade treaties: President Roosevelt has proclaimed the new Venezuelan pact to be effective Dec. 16. Outstanding concession to Venezuela was a 50% lower excise tax on Venezuelan oil imported into the United States. However, only 5% of Venezuela's 1939 output can come in at the reduced rate. In return the United States was given concessions for the export of automobiles and other manufactured products.

Reciprocal trade talks have been begun with both Uruguay and Argentina by the State Department. At present Uruguay extracts a 40% to 50% surcharge on imports from the United States and, in most cases, an additional 17% customs duty.

War Orders—The British Purchasing Commission in the United States placed an order with North American Aviation Co. for training planes. The number of planes and the price were kept a secret. It is rumored that the Canadian War Supply Board has let large contracts to various American plane-manufacturers.

Also, the English purchased \$15,000,000 worth of scrap iron, more than three-quarters of a million tons, with delivery specified within the next three months.

In direct contrast to British reluctance to discuss war orders, the War Department made no bones about

\$12,710,980 worth of orders granted to Pratt & Whitney for airplane engines and a \$82,281.45 contract to Hamilton Standard Propellers for propeller assemblies.

Shipping—Black Diamond Line (American), which last week chartered a Norwegian freighter, has added three more freight ships to its roster: Two of Danish registry and one Italian boat.

Isbrandtsen-Moller Co., also American, has chartered a Greek ship for trips to the French coast. As long as the boats have foreign registry and are manned by non-American crews, no violation of the Neutrality Law is involved.

Belgium and England are interested in the idle American ships. A total of 84 ships with a gross tonnage of 536,111 tons was affected by the President's proclamation. The Belgian Ambassador asked the State Department if the transfer of American ships to Belgian registry would be disapproved. It is reported the British are entering negotiations to buy American tonnage for the transport of munitions and war supplies.

The President Roosevelt of the United States Lines will enter the New York-Bermuda run Dec. 16. Furness, Withy & Co. has transferred its cargo-passenger ships from its South American service to the New York-London run and will substitute other vessels on the South American schedule. With that purpose in mind, Furness has chartered a Norwegian liner. The East Coast Line, a new Danish service to South America, has been initiated by Wessel, Duval & Co. Four Danish flag ships will be used in fortnightly sailings.

American exports to England, which were on the high seas when import regulations were put into effect by Britain, will be cleared by the British, the American Embassy in London has announced. Until now these shipments have been held up in English ports.

War Toll of Merchant Ships

	Total through This Week (79 Days)		Total through Last Week (72 Days)	
	No.	Tonnage	No.	Tonnage
British	64	272,171	54	249,120
French	7	48,593	7	48,593
Neutral	43	125,509	35	100,415
Total	114	446,273	96	398,128
German	8	38,880	8	38,880
Grand Total.	122	485,153	104	437,008

Mining—A survey of the iron-ore resources of the West Coast and the Pacific Northwest is being made by the Bureau of Mines and the Geological Survey. Available hydroelectric power for manufacturing pig iron and the fuel supplies of the areas will also be investigated.

Two manganese mines near Brady, Tex., that have been shut down since

1931 will soon be reopened, the Manganese Mining Co. reports. Mines were closed because Russia was able to undersell them in this market.

Russia is reported to have purchased 2,000 to 3,000 tons of copper here in the last few days. The Soviet is also reported to have bought 5,000 tons of lead.

—And Abroad

Great Britain—In October the cost of living index for England increased 2½%, according to the Ministry of Labor. Since the war began the index has increased 8.75%. Increased cost of bacon and eggs and an increased tax on sugar were listed as causes of the higher index. The Ministry of Food is completing a registration of people in the British Isles and is expected soon to announce a rationing program for bacon and butter.

Commercial cooperation between England and France is being discussed and some agreements have been signed (page 46).

British officials stated that steps had been taken to place an order for 50,000,000 lb. of frozen fish in Newfoundland and for 100,000,000 lb. in Canada. Newfoundland has ordered tax increases (20% surtax on incomes, 25% on corporations). Trinidad has voted \$1,000,000 to assist England in the war. New Zealand has arranged to sell surplus butter and cheese to Britain, according to Finance Minister Walter Nash.

France—Acting on rumors that the Soviets had purchased German ships, including the Bremen, *Le Temps* warned that the Allies would seize the ships if they ventured out on the Atlantic under the red flag.

French-Greek negotiations for a new trade pact are being held in Paris.

Germany—This week the 10-hour work-day was substituted for the 8-hour day. No extra compensation will be allowed in this increased production program, which was characterized by Dr. Robert Ley, head of the German Labor Front, as "socialism (Germany) against capitalism (England)." "Work against the moneybags," he concluded.

The migration of about 150,000 Germans from the Russian-controlled Western Ukraine and Western White Russia has started. About 1,000,000 Russians will be moving in the opposite direction from the German-dominated section of Poland. Labor in the conquered German section has been conscripted by the German Governor, Dr. Hans Frank.

German trade talks with Rumania are lagging.

Japan—The Soviet-Japanese negotiators have held preliminary discussions for a trade pact between the countries. The boundary line between Russia and Manchukuo is also being discussed.

are employed through two winter seasons. Lake boats are best adapted for coastal work, and if they are definitely used in this kind of service, little or no refitting is required.

Montreal shippers have suggested that some of the lake boats might be used in the regular service to the West Indies, and that the boats normally on this run would then be transferred to transatlantic freight operations.

Exporters received with mixed feelings the announcement from London that Britain is prepared to institute the old Navicert system on Dec. 1. This provides that British consular officers in any country where a cargo originates have the authority to certify before a vessel sails for a neutral port in the combat zone that it does not contain contraband. The British consul in New York, for instance, can certify all cargoes leaving that port for neutral countries in the war zone and save ships the time and nuisance of stopping for inspection at some British investigating port. This new scheme may create a means of preventing trouble on the newly-established New York-Bergen run. If the British should force these United States boats into a British port for contraband inspection, they would automatically enter the combat zone through which Washington has decreed American vessels cannot pass without being subjected to a heavy fine.

Ban on Fresh Fruit

Allies cut off half of our export market for apples and 65% of that for pears.

TO SAVE DOLLAR exchange for more necessary imports, both England and France have prohibited the import of fresh apples and pears, except under license. Until further notice, the British will consider applications only from importers buying within the Empire, and the French have indicated they will require no more supplies until well into the first quarter of 1940. At that time an attempt will be made to substitute bananas, plentiful in the French colonies, for other fresh fruit.

The restrictions came in the midst of shipping seasons for United States crops which this year are considerably above average. Glum fresh fruit shippers here recall that in 1938-39 they exported apples and pears worth \$16,600,000 to the Allies, and the Department of Commerce estimates that 50% of our apple export market and 65% of our foreign pear market have been shut off by the British and French embargoes.

At his press conference, Acting Secretary of State Sumner Welles stated that the State Department is deeply concerned and discussions are being carried on with government authorities in Lon-

ENOUGH *air* FOR 33,500,000 PEOPLE!



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for new New York-Long Island Vehicular Tunnels!**

60 TO 95 FEET below the surface of New York City's East River, two great snake-like vehicular tunnels are now under construction. When completed, they will connect Manhattan, New York with Queens, Long Island—and through them will streak as many as 57,000 automobiles a day.

Keeping the air within these tunnels fresh and safe at all times—free of poisonous carbon monoxide car-exhaust fumes—will be a major ventilating job. And it will be entrusted to 46 giant Sturtevant Ventilating Fans. Capable of handling a total of over 21,000 tons of air per hour—a quantity of air sufficient to supply the air breathing requirements of 33,500,000 people—these fans will effect a complete air change every minute and 25 seconds!

From the Holland Vehicular Tunnels between New York and New Jersey to the Broadway Low Level Tunnel in California—and including the seven vehicular tunnels now under construction for Pennsylvania's great 160 mile super-highway—seven major vehicular tunnel projects now depend or will depend on Sturtevant Ventilation for air safety!

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don. The importance of unimpaired operation of the reciprocal trade treaty, signed exactly one year ago, is being emphasized. American growers obtained a one-third reduction in import duties on apples and pears at that time.

However, a clause in the agreement permits the British to impose restrictions or prohibitions when they are engaged in hostilities.

Canada Woos Latins

Dominion looks south as result of wartime regimentation of transatlantic shipping.

OTTAWA (Business Week Bureau)—Stymied producers in the Maritime Provinces, watching their surpluses pile up while transatlantic shipping is regimented for war purposes, insist that Ottawa should "do something." Consequently, there is an unofficial Canadian drive, paralleling the movement in the United States, for trade expansion in Latin America.

Total 1938 imports of Canada from seven Latin American countries (Brazil, Argentina, Cuba and Puerto Rico, Chile, Mexico, and Peru) was \$12,037,963. American imports from these same countries (excluding Puerto Rico) was 104% greater. Total Canadian exports to these countries were \$19,905,233. American exports were 53.4% larger. It is to be noted that while America's trade was \$23,167,024 larger, America exported only \$5,937,080 more than it imported. Canada exported \$7,847,270 more than it imported.

Canada's Trade with Seven Latin American Countries*

(Thousands of Canadian Dollars)

	1933		1938	
	imports	exports	imports	exports
Argentina	\$895	\$2,510	\$5,205	\$7,420
Brazil	591	1,394	857	4,830
Mexico	881	1,311	635	3,484
Cuba & Puerto Rico	707	1,098	822	2,144
Peru	2,574	721	4,541	1,224
Chile	21	139	69	919

* Canadian Department of Trade, Dominion Bureau of Statistics

Only Peru, trading cotton and sugar for wood pulp, sold Canada more than Canada sold it. Therefore, a major hurdle for increased Canadian trade southward is the necessity of increased Canadian purchases from Latin America. Canadian business men are particularly interested in a trade treaty with Cuba, where in return for Cuban sugar Canada might sell more potatoes, fish, and lumber.

However, promoters of the proposal can hope for no immediate action, possibly no action until the war's end. Reason: the blanket purchase by the British sugar control of all Empire raw sugar and an arrangement with the Canadian sugar control that Canada will take its requirements from this supply. This arrangement is binding until Aug. 31, 1940, and is renewable.

THE TRADING POST

From Desk to Dugout

WHEN WE TALK about war-bred business we're prone to think of machinery, munitions and materials for military use. But a recent announcement by the Addressograph-Multigraph Corp. reminds us that modern war reaches deep in the affairs of every-day business and involves many products that are not war-babies.

It appears that in Great Britain the government already has called upon the company to manufacture equipment for its use. Normally, some 80% of its British subsidiary's income is derived from the sale of equipment made in the London plant; now it is expected that these government orders will have to be met in considerable measure by export from the company's American plants. These, incidentally, do a domestic business which normally accounts for some 75% of the company's total sales.

Moreover, the company points out that an increased demand for its product is to be expected because of the need for mechanical office equipment to make up for the absence of men called into military service. It is a far cry from battle-ships to addressing machines and from machine-guns to duplicators, but the all-embracing quality of modern war is well indicated by an increased demand for office equipment to help wage it.

Whatever business can possibly derive from a war stimulus can come only from business of this type, i.e., business that involves the reasonable stepping up of our normal activities to increase employment of plant and labor in making the normal products of industry. It will not come from the establishment of new facilities or the radical alteration of existing plants to meet a temporary and urgent demand for products that have only a war-time use.

The closer American business can stay during the European War to its normal processes, the less likely it is to lay up for itself the griefs of readjustment.

What Price Price

RECENTLY BUSINESS WEEK carried a report about the men's clothing business. It referred to the "1,600 contract manufacturers whose catch-as-catch-can competition harasses the substantial houses." The point was made that "nobody believes they can ever be tamed, since two hopefuls replace each casualty."

Which made me think of the construction industry. There, too, a flock of "hopefuls" always is on hand to bid in every job, apparently without regard to price. They never seem to learn.

But neither do the buyers of construction services seem to learn. Among them,

too, are a lot of "hopefuls"—ever hopeful that they can get competent, responsible service in a highly complex field, at bargain-counter prices. They seldom do, but another always is willing to try.

The clothing report went on to say: "Most old-line manufacturers are resigned to never reaching the millenium when, as they once hoped, every male American would see style and savings in buying the best suits and overcoats."

That, too, sounds familiar. Old-line, responsible constructors feel the same way about it. They doubt the time ever will come when every clothing manufacturer, for instance, will see quality and savings in awarding a contract for a new factory or warehouse to an established and reputable constructor, rather than on the basis of a low bid alone.

All of which means that we all want to buy on one basis and sell on another. But if one of us buys on a basis of price alone, the seller must sell on that basis. Then he, in turn, must buy on that basis. And so it goes. And even though we contrive to segregate, by trade-mark, advertising or otherwise, some section of the market that will be responsive to appeals other than price, we may as well recognize that price and price alone will continue to cut big ice with a lot of buyers and, therefore, with a lot of sellers. With some it will be a case of necessity, with others a matter of choice. But whatever the reason, it always will be there.

More Fog

THE WAR has broken out again—on the Tehachapi front, I mean.

A few weeks ago BUSINESS WEEK quoted the *American Worker-Consumer*—a Los Angeles publication—as referring in one breath to the "San Francisco fog-eaters" and in the next to the "Southern California center of sunshine, tourists and oranges". By that, you understand, it meant Los Angeles.

Now the San Francisco Convention and Tourist Bureau says "it ain't so". Its v.p. and g.m., W. G. Swanson, calls Uncle Sam to witness and thus deposes:

"The United States weather bureau at Los Angeles, San Francisco or Washington will give you the information that Los Angeles has averaged 27 days a year in which it has had dense fog, that is, fog that limited visibility to 1,000 feet, and that San Francisco during the period of observation in excess of 40 years, has averaged only 18 days a year on which it has had dense fog. You will observe that Los Angeles has 30% greater number of days with dense fog than San Francisco in its average year."

There's one war in which BUSINESS WEEK remains strictly neutral! W.T.C.

CARAVAN—1939 Style



Desert royalty is leaving the romantic, colorful camel trains for more modern methods of transportation. Here, for instance, is the new Spartan All-steel Monoplane built for the King of Iraq.

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BUSINESS WEEK

With Which Is Combined The Magazine of Business

November 25, 1939

We're Right Up Front On Taxes

IN THE WASHINGTON BULLETIN of last week's issue of BUSINESS WEEK it was reported that "Administration officials are divided on the advisability of tackling further tax revision next year. Members of Congress dealing with the subject fear that any attempt at revision might get out of hand in an election year and end up in the enactment of a 'war profits tax'."

Nobody seems to fear that any attempt at revision might get out of hand and end up in an unappeasable demand for a non-political examination of our tax structure and our governmental spending policy aimed at lightening the burdens and eliminating the wastes of our present catch-as-catch-can revenue system. Probably the best that business can expect in an election year is that Washington will lend a polite ear to that forthcoming summary of tax-revision suggestions gathered by Under-Secretary Hanes "through nearly 300 personal interviews and more than 1,000 written communications with business men"—and will do nothing to make the tax situation worse. That can wait until the 1940 votes are safely in.

WHILE THE AVERAGE business man has learned to be grateful when Washington leaves bad enough alone, those who have made a real study of our growing tax burdens can feel no gratitude for a do-nothing policy. That eventually something must be done is clear enough from examinations of our situation such as the one recently summarized in the National Industrial Conference Board's report on "The Burden of Taxation and Public Debt in the United States and Other Countries, 1913-1938."

What might be called the "moral" of this report is stated in a few grave words: "War, depression, armaments, and increased social services during the past twenty years have raised the costs of government in nearly all the principal countries to the highest levels in their history. Their tax burdens, as measured by per capita collections, are from two to eight times as large as they were before the World War. Their per capita public debts have risen to about the same ratios. The proportions of their national incomes collected as taxes are from one and one-half to three times the prewar levels. As these burdens have increased, their reserves of tax-paying power have declined."

However, there's a special "moral" for Americans. The stock legislative answer to their complaint about high taxing has been, "You're lucky, you ought to see what's happening in Europe." Well, the Conference Board has taken a statistician's look at what's

happening in Europe and in that examination our luck is not so evident. Here are some of the findings that make it hard to see:

In 1913 the per capita tax burden of the United States was exceeded by that of Canada, the United Kingdom and France; in 1938 (when it had grown five times as great) it was approximately the same as that of the United Kingdom and definitely exceeded only by that of Germany. Before the World War the United States had the lowest ratio of tax collections to national income among the Great Powers—7%, against 8.9% for Germany, 11.1% for the United Kingdom, 16.2% for France; by 1938 our ratio had tripled to 22.4% and was exceeded only by France's 23.3% and Germany's 26.2%. In 1913 the per capita public debt of all governments in the United States amounted to \$59.28, the lowest figure by a considerable margin among those countries included in the Conference Board's study; by last year our per capita debt had risen to \$432.65, an increase of 630%—and if this is well under Great Britain's \$1,014.59 and Canada's \$602.70 our appearance in the parade down the primrose path is still nothing to occasion dancing in the streets.

THE PLAIN EVIDENCE of all such surveys as these is that we are on our way with the rest of the nations; what's happening in Europe is happening here, and in some respects, it's happening a little faster here. But the excuse that it's all part of a world trend is no "out" for the politician who has been telling us that we're lucky, we ought to see what the other fellow got. He can't have it both ways. Furthermore, if it's a world trend that's all the more reason why our participation in it should be subjected to the study of a citizens' tax commission and not left to the politicians. If we can't have good luck, we certainly need good management. With all the rest of the world, we are too near the danger point on taxes to risk a policy of drift.

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